

FACTORS INFLUENCING CONSUMERS'  
REPURCHASE INTENTION OF GROUPON

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## DECLARATION

We hereby declare that:

- (1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the research project.
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## DEDICATION

We thank God, for being with us and for His blessings bestowed upon us.

This research project is heartily dedicated to our parents, whose love and encouragement make us able to get such success and honor.

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*“I can no other answer make, but, thanks, and thanks.”*

*William Shakespeare*

## TABLE OF CONTENTS

	Page
Copyright Page.....	ii
Declaration.....	iii
Acknowledgement.....	iv
Dedication.....	v
Table of Contents.....	vi
List of Tables.....	xi
List of Figures.....	xii
List of Abbreviations.....	vi
List of Appendices.....	xiv
Preface.....	xv
Abstract.....	xvi
CHAPTER 1 INTRODUCTION	
1.0 Introduction.....	1
1.1 Research Background .....	1
1.2 Problem Statement.....	4
1.3 Research Objectives.....	7
1.3.1 General Objective.....	7
1.3.2 Specific Objectives.....	8
1.4 Research Questions.....	8
1.5 Hypotheses of the Study.....	9
1.6 Significance of the Study.....	10
1.7 Definition of Terms.....	11
1.8 Chapter Layout.....	12
1.9 Conclusion.....	14

CHAPTER 2 LITERATURE REVIEW		
2.0	Introduction.....	15
2.1	Overview of Group Buying and Groupon.....	15
2.1.1	Definition and Background of OGB.....	15
2.1.2	Mechanism of OGB.....	17
2.1.2.1	OGB Websites Offer Discounted Products, Services or Coupons.....	17
2.1.3	Background of Groupon.....	18
2.1.4	Past Studies on OGB.....	20
2.2	Review of Relevant Conceptual Framework.....	21
2.3	Dependent and Independent Variables.....	25
2.3.1	Dependent Variable.....	25
2.3.1.1	Repurchase Intention.....	25
2.3.2	Independent Variables.....	27
2.3.2.1	eWOM.....	27
2.3.2.2	Low Price.....	31
2.3.2.3	Prior Experience.....	34
2.3.2.4	Website Reputation.....	37
2.3.2.5	Website Usability.....	40
2.4	Proposed Conceptual Framework.....	43
2.5	Hypotheses Development.....	45
2.5.1	eWOM.....	45
2.5.2	Low Price.....	49
2.5.3	Prior Experience.....	52
2.5.4	Website Reputation.....	55
2.5.5	Website Usability.....	57
2.6	Summary of Hypotheses for the Study.....	60
2.7	Conclusion.....	60
CHAPTER 3 METHODOLOGY		62
3.0	Introduction.....	62

3.1	Research Design.....	62
	3.1.1 Descriptive Research.....	63
	3.1.2 Causal Research.....	65
3.2	Data Collection Methods.....	65
	3.2.1 Primary Data.....	66
	3.2.2 Secondary Data.....	66
3.3	Sampling Design.....	68
	3.3.1 Target Population.....	68
	3.3.2 Sampling Frame and Sampling Location.....	69
	3.3.3 Sampling Elements.....	69
	3.3.4 Sampling Technique.....	71
	3.3.5 Sampling Size.....	72
3.4	Research Instrument.....	72
	3.4.1 Questionnaire Design.....	73
	3.4.2 Survey Method.....	76
	3.4.3 Pilot Testing.....	77
3.5	Constructs Measurement.....	80
	3.5.1 Origin of Constructs.....	80
	3.5.2 Scale of Measurement.....	82
3.6	Data Processing.....	83
	3.6.1 Questionnaire Checking.....	84
	3.6.2 Data Editing.....	84
	3.6.3 Data Coding.....	86
	3.6.4 Data Transcribing.....	86
	3.6.5 Data Cleaning.....	87
3.7	Data Analysis.....	87
	3.7.1 Descriptive Analysis.....	88
	3.7.2 Scale Measurement.....	89
	3.7.3 Inferential Analysis.....	91
	3.7.3.1 Pearson’s Correlation Analysis.....	91
	3.7.3.2 Multiple Regression Analysis.....	93



3.8	Conclusion.....	95
CHAPTER 4 DATA ANALYSIS		
4.0	Introduction.....	96
4.1	Descriptive Analysis.....	96
4.1.1	Respondent Demographic Profile.....	96
4.1.1.1	Gender.....	97
4.1.1.2	Age.....	98
4.1.1.3	Marital Status.....	100
4.1.1.4	Ethnic Group.....	101
4.1.1.5	Academic Qualification.....	103
4.1.1.6	Profession.....	104
4.1.1.7	Monthly Income.....	106
4.1.2	Respondent General Information.....	107
4.2	Internal Reliability Test.....	109
4.3	Inferential Statistics.....	110
4.3.1	Pearson Correlation.....	111
4.3.2	Multiple Linear Regressions.....	114
4.3.2.1	Test of Significant.....	120
4.4	Conclusion.....	124
CHAPTER 5 DISCUSSIONS, CONCLUSION, AND IMPLICATIONS		125
5.0	Introduction.....	125
5.1	Summary of Statistical Analyzes.....	125
5.1.1	Descriptive Analysis.....	126
5.1.2	Scale Measurement.....	127
5.1.3	Inferential Summary.....	128
5.1.3.1	Pearson Correlation Analysis.....	128
5.1.3.2	Multiple Regression Analysis.....	128
5.2	Discussions of Major Findings.....	129
5.2.1	eWOM.....	130

5.2.2	Low Price.....	132
5.2.3	Prior Experience.....	134
5.2.4	Website Reputation.....	135
5.2.5	Website Usability.....	137
5.3	Implications of the Study.....	139
5.3.1	Theoretical Implications.....	139
5.3.2	Managerial Implications.....	140
5.4	Limitations of the Study.....	144
5.5	Recommendations for Future Research.....	148
5.6	Chapter Conclusion.....	150
	REFERENCES.....	152
	..	
	APPENDICES.....	190
	.	

## LIST OF TABLES

	Page
Table 1.1: Definition of Terms.....	11
Table 3.1: Household Use of the Internet by Age Category.....	70
Table 3.2: Level of Agreement.....	75
Table 3.3: Rules of Thumb about Cronbach’s Alpha Coefficient Size*.....	79
Table 3.4: Pilot Test Result.....	80
Table 3.5: Summary of Constructs and Sources.....	80
Table 3.6: Rules of Thumb about Correlation Coefficient.....	92
Table 4.1: Gender.....	97
Table 4.2: Age.....	98
Table 4.3: Marital Status.....	100
Table 4.4: Ethnic Group.....	101
Table 4.5: Academic Qualification.....	103
Table 4.6: Profession.....	104
Table 4.7: Monthly Income.....	106
Table 4.8: Summary of Questions in General Information.....	107
Table 4.9: Internal Reliability Test.....	109
Table 4.10: Correlations.....	111
Table 4.11: Summary for Results of Pearson’s Correlation Analysis.....	113
Table 4.12: Model Summary (Stepwise Method).....	114
Table 4.13: ANOVA <sup>a</sup> (Stepwise Method).....	116
Table 4.14: Coefficients <sup>a</sup> (Stepwise Method).....	117
Table 4.15: Excluded Variables <sup>a</sup> (Stepwise Method).....	120
Table 5.1: Summary of Hypotheses, Results, and Determinations.....	129

## LIST OF FIGURES

	Page
Figure 2.1: Conceptual Framework of Factors of Influencing Repurchase Intention on Deal-Of-The-Day Group Buying Website.....	21
Figure 2.2: Conceptual Framework of Consumer Characteristics, Social Influence, and System Factors on Online Group-Buying Repurchasing Intention.....	23
Figure 2.3: Influencers – Over 60% are Reviewing Products.....	30
Figure 2.4: Proportion of Digital Consumers Ever Visiting Online Forums vs. Visiting Monthly.....	30
Figure 2.5: Social Media Supporting Consumer Decision Making – Participation in Past 12 Months.....	31
Figure 2.6: The Most Important Factors in Influencing Online Shopping.....	32
Figure 2.7: Proposed Conceptual Framework of Consumers Repurchase Intention towards Groupon.....	44
Figure 4.1: Gender.....	97
Figure 4.2: Age.....	99
Figure 4.3: Marital Status.....	100
Figure 4.4: Ethnic Group.....	102
Figure 4.5: Academic Qualification.....	103
Figure 4.6: Profession.....	105
Figure 4.7: Monthly Income.....	106

## LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
Apps	Applications
eWOM	Electronic Word-of-Mouth
FAQ	Frequently Asked Questions
MCMC	Malaysia Communications and Multimedia Commission
MLR	Multiple Linear Regressions
OGB	Online Group Buying
PDPA 2010	Personal Data Protection Act 2010
r	Pearson's Correlation Value
R	Multiple R
R <sup>2</sup>	Multiple coefficient of determination / R square
SMS	Short Message Service
SPSS	Statistical Package for Social Sciences
TAM	Technological Acceptance Model
VIF	Variance Inflation Factor

## LIST OF APPENDICES

	Page
Appendix A: Types of Fixed-alternative Questions.....	190
Appendix B: Amendment in Questions.....	191
Appendix C: Questions Removed After Pilot Test.....	193
Appendix D: Constructs and Measurement Items.....	194
Appendix E: Scale of Measurement for Each Section.....	196
Appendix F: Guides for Selecting Appropriate Descriptive Statistics.....	197
Appendix G: Summary of the Research.....	198
Appendix H: Questionnaire.....	199
Appendix I: SPSS Outputs.....	207

## **PREFACE**

In recent times, technology advancement has brought many changes in the business environment, especially in Malaysia. Among the changes observed is the online purchasing pattern of Malaysian consumers. Due to the high internet penetration in Malaysia, the e-commerce industry is forecasted to grow further in the future. One emerging trend that is gaining popularity is online group buying. Consumers today tend to shop for the best deals offered in the daily-deal websites. Among the many group-buying websites in Malaysia, Groupon has gained great popularity among Malaysian consumers.

In this research, we will be investigating the factors influencing consumers' repurchase intention of Groupon. Several factors will be investigated and we are intent on determining the important or influential factors that influence consumers to repurchase from Groupon. Demographic profiles of consumers will also be collected and analyzed to facilitate findings the findings.

At the end of this research, we hope that the findings will benefit online group buying companies and the society at large. This research will attempt to fill the gap in providing some theoretical understanding about consumers in the online group buying industry, as not many past studies are conducted on Malaysian consumers' online group buying repurchase intention. Online marketers, especially Groupon, can improve their service to better serve the Malaysian consumers in the future.

## **ABSTRACT**

Online businesses today have experienced tremendous growth in recent years. Globalization has brought changes to the online business landscape, especially in the online group buying (OGB) sector. Daily deal websites such as Groupon and LivingSocial are being welcomed by consumers, despite other industries being affected negatively by the economic recession and high living costs in Malaysia. This study aims to determine the relationship between several factors, which are electronic word-of-mouth (eWOM), low price, prior experience, website reputation, and website usability, with consumers' repurchase intention of Groupon from Malaysian context.

In this study, non-probability sampling techniques were used to collect data from respondents who have purchased from Groupon. A total of 287 sets questionnaires were successfully collected. Primary data, such as questionnaire and secondary data were used to provide reliable data for the research. The results for descriptive analysis, reliability test, and inferential analysis was obtained through the IBM SPSS version 20.0 to produce useful information to be interpreted. Finally, the limitations encountered and the recommendations for the future studies have been discussed in the last chapter of this research.

At the end of this research, it was found that a positive relationship exists between prior experience, website reputation, and low price with consumers repurchase intention of Groupon. It is hoped that the findings will provide some useful insight to Groupon to improve their service to meet consumers' need and want. It is important for a business to understand its consumers so that the right retention strategy is employed to retain existing consumers. It is hoped that other OGB websites may also benefit from this research by learning the key success elements from Groupon to improvise their business.



## CHAPTER 1: INTRODUCTION

### 1.0 Introduction

This research is aimed to study the factors influencing consumers' *repurchase intention* with one of the *online group buying (OGB) website* in Malaysia, Groupon. This chapter outlined the whole picture of research by providing background, problem statement, research objective, research questions, hypotheses, significance of the study, definition of terms, and chapter layouts.

### 1.1 Research Background

Due to the technology advancement and on-going changes in the business environment, *Malaysians' online consumption patterns are changing rapidly* from time to time following the trend of globalization, from online shopping, social media to OGB. When compared with 2011, online purchase intention of global consumers, including Malaysian has doubled in 2014 (The Nielsen Company, 2014b). Malaysia has reached 140% of mobile penetration rate and household broadband penetration rate reached 67% ("Three things," 2014). Thanks to this tremendous growth of Internet usage in Malaysia, experts optimistically forecasted that local e-commerce industry could achieve an income of RM5.76 billion in 2015 ("Three things," 2014).

While other industries are faced with pressure of *economic recession*, a business that is aimed at helping consumers spend more wisely, such as daily deal websites (e.g. Groupon and LivingSocial) are welcomed by consumers (Barringer & Ireland, 2012). Groupon benefited from this consumption trend and became the fastest growing company in history (Zeitlin, 2012). From the first OGB website, Mydeal was established in 2000 (Tan, 2011), OGB websites in Malaysia had mushroomed until there is more than 60 websites in recent years (Pillay, 2013). However, only about 20 websites provided frequent deals and Malaysians are more familiar with several websites such as Groupon Malaysia, MyDeal, Dealmates, StreetDeal, ILoveDiscounts, JackCow, Grabit, and others (Ali, 2013; Pillay, 2013).

Malaysians' consumption pattern has changed under economic recession and high living cost. *Nielsen's 2011 Global Online Shopping and Saving Strategies Survey* showed that the high living cost has led to Malaysians being more careful when spending their money (Ibrahim, 2011). Survey shows that 78% of Malaysians will shop when a low price is being offered (Ibrahim, 2011). *Nielsen's 2011 Shopper Trends Survey* also showed that the availability of promotion has influenced 86% of Malaysians' purchase decisions, which led to Malaysians being ranked first as price conscious consumers in Southeast Asia and ranked second for being the most prolific promotion seekers in Asia-Pacific (Ng, 2011). Furthermore, 65% of Malaysians are found to take higher initiative to seek for good deals that are worth purchasing in their daily life (Ng, 2011). Therefore, it is not surprising that Malaysians, who are consumers with high price sensitivity, are frequent buyers in OGB websites. Malaysia is also ranked the fourth, after China, Hong Kong, and Taiwan in terms of number of purchasers from OGB websites (Mander, 2014). Almost half of the Malaysians as well as other global consumers relied highly on applications (apps) or websites that assist consumers in saving money (The Nielsen Company, 2014b). There is a significant rise in *mobile shopping* leading to Malaysia being ranked 6 in the top 10 global markets for online shopping using mobile phone, which is 47% (The Nielsen Company, 2014a). Malaysians are also considered the most eager online shoppers globally when

survey revealed over 6 in every 10 Malaysian consumers intend to purchase online especially for flight tickets, event tickets, hotel, and tour reservation (The Nielsen Company, 2014a).

Linda Lim, director of Online Research in Nielsen Company Malaysia, stated that 60% of online consumers prefer to repurchase from the same websites from which they have prior experience ("Wanggou," 2008). Furthermore, Lim added that online business operators need to provide good shopping experience to gain the confidence of new online consumers to continue to repurchase from the same websites ("Wanggou," 2008). As compared to competitors that are normally able to attract price-oriented consumers who only stay for short term, Reichheld and Schefter (2000) examined and found that some online businesses were able to retain higher numbers of loyal consumers due to the websites' interface design and marketing. Interestingly, a leader in grocery business gained 75% of new consumers that are relationship-averse bargain hunters whereas its rival gained 75% of new consumers that are attracted by convenience and brand factors (Reichheld & Schefter, 2000). Not surprising, the way in which companies presented their websites to consumers also determined its ability to win over valuable consumers who can contribute more revenues to the company.

On the other hand, Malaysians are *heavy users* in social media as compared to other countries (Ding, Koh, & Surin, 2013). Malaysians are ranked first in terms of the number of Facebook friends and time consumption on social media (Ding et al., 2013). On average, each Facebook user in Malaysia has 233 friends on social media (Ding et al., 2013). Besides, the increase in smartphone users have led to more consumers using social networking sites (e.g. Facebook, Twitter, and Instagram) and data messaging apps (e. g. Whatsapp, Wechat, Viber, and Line) ("Malaysian Internet," 2014). It is common that consumers need *real time interaction* with companies through social media (Tan, 2009). Survey also revealed 6 among 10 Malaysians tend to rely on online reviews before making purchase decision, which indicated the strong influence of online comments on

Malaysians' consumption pattern (The Nielsen Company, 2014a). Even Groupon has benefited from mobile transactions, which led to the increase of 7% on their revenue in 2013 (CNBC & Reuters, 2013; Lobosco, 2013). Thus, *investment in social media marketing* being an essential strategy for business should not be ignored by the marketers because online comments can either build or damage the companies' reputation (DeMers, 2013). In the turbulent online business environment, although OGB websites like Groupon is emerging with attractive discounted deals, good pricing is not the only way to retain consumers in the long run. Marketers should pay attention to other aspects as well as consumers itself. Consumers nowadays are becoming more demanding and their preferences change from time to time. A business can only survive and sustain itself when the marketers have clear understanding about consumers' need and want, feasible business model, as well as the capability to build strong customer relationships.

## 1.2 Problem Statement

Although Groupon is famous in many markets, however it faced *threats* from internal and external factors. Initially, media reported amazing and outstanding performance by Groupon (Ovide, 2011; Steiner, 2010). However, people started to question with the feasibility of Groupon's *business model* in long term basis (Girotra, Marinesi, & Netessine, 2013; Mourdoukoutas, 2011; Roberts, 2013). Many investors lost their confidence after investing in Groupon's shares (Cohan, 2012). Under Groupon's policy that allowed the business to pay vendors only 60 days after the end of a deal, the company is using their earning to pay off debts incurred in the past while continues to owe vendors' money for the current and future debts (Jackson, 2011). Jackson (2011) had doubt that Groupon can sustain its business because the company need to expand its market in order to cover their high expenditure on marketing and other costs.

In terms of external factors, *fierce competition* in the OGB industry led to some incompetent companies leaving the market (Cohan, 2012). Even the big players like Groupon and LivingSocial also struggled in maintaining their positions in the market (Pepitone, 2012). According to Pepitone (2012), low entry barriers and difficulty to sustain the business were reasons for experts to question the feasibility of daily deals industry in the long run. Proliferations of OGB websites in Malaysia, which reached 60 websites, revealed the highly competitive situation in this industry. Meanwhile, vendors criticized Groupon for not helping them to retained consumers but only attracted coupon hunters (Etter & MacMillan, 2012). Dholakia (2011) revealed some problems in OGB business model such as homogeneity of websites leading to low differentiation of consumers' loyalty among those websites. Vendors claimed that they suffered because some of them are not gaining benefits from collaboration with Groupon while at the same time disappoint consumers and making losses (Cohan, 2012).

Besides, there are situations where *low quality merchandises* tarnished Groupon's reputation. Some consumers had bad experience purchasing from vendors that collaborated with Groupon ("Food critic," 2011). Their negative comments on Groupon's deals were posted on websites like The Bad Deal could bring a negative promotion for the company ("Food critic," 2011). Recently, Groupon's reputation was affected by an illegal travel agency that absconded with the money of Groupon's consumers ("Wanggou," 2014). Victims can only claim the remaining amount that they paid to the travel agency from the agency itself, Groupon only refunded the money that consumers paid to them for the coupon price ("Wanggou," 2014). The victims claimed that Groupon had to bear part of the responsibility as they bought travel packages from the websites because they trusted Groupon's reputation ("Wanggou," 2014). In addition, Groupon had been experiencing temporary technical problems for their websites in United States and India, which could disappoint consumers (Bildner, 2013; Nateog, 2013).

From these several problems that were pointed out earlier, it is crucial for Groupon and other similar OGB websites to revise their business model and design an effective *consumer retention strategy*. In this research, the study on OGB websites was mainly focused on consumers' perspective. Repurchase intention is one of the indicators of consumer loyalty (Selin, Howard, Udd, & Cable, 1988; Fornell, Johnson, Anderson, Cha, & Bryant, 1996). Based on Reichheld and Schefter (2000), the cost of retaining consumers was much lower in long term whereby the increase of consumers' loyalty and purchasing will ultimately contribute huge income to the company. Reichheld and Schefter (2000) found that companies can gain 25% to 95% in their earnings with just a rise of 5% in consumer retention rates. However, the majority of online business operators' were eager to win new consumers but ignored the importance of gaining their loyalty (Reichheld & Schefter, 2000).

As Malaysian consumers are more *technology savvy* and continuously improving their knowledge with online purchasing, it is more challenging for OGB businesses. According to Kim, Choi, and Kim (2010), consumers can do a more thorough research to compare several purchase choices with minimal switching cost and search cost. From the view of consumers, this is better than common brick-and-mortar shopping because they can gain more information before making any purchase decisions (Kim et al., 2010). Referring to Kim et al. (2010), failure to "lock-in" consumers led to companies facing problems in sustaining their earnings in long run. Hence, it is important for OGB websites to break through this bottleneck in order to retain more consumers that are loyal. Although Malaysians are highly price sensitive consumers, the extent to which Malaysians are affected by the pricing structures when patronizing Groupon should be determined. However, there are many issues that need to be examined when it comes to studying consumers' behavior rather than just assuming all consumers are the same. It should include other factors such as *electronic word-of-mouth (eWOM)*, *low price*, *prior experience*, *website reputation*, and *website usability* to examine which combination of factors contribute the most towards consumers' repurchase intention. Taking Groupon, which is a famous OGB company that

operates in many countries, as a successful example, this research is intended to study what are the key components contributing to the success of Groupon. This research can provide some information to help Groupon to improve. Meanwhile, this research can also contribute to other OGB websites, whereby they can use it as a reference to learn the key elements from Groupon and to carry out their business in a better way.

### **1.3 Research Objectives**

A company's *sustainability* in revenue is highly dependent on *loyal consumers* who purchase from the company frequently. The degree of repurchase intention can help companies understand the extent to which consumers are willing to repurchase from them. The main purpose of this research was to identify the repurchase intention of consumers on Groupon by examining its relationship with five variables, namely eWOM, low price, prior experience, website reputation, and website usability.

#### **1.3.1 General Objective**

The main objective of this research was to identify several aspects that the company can improve on retain consumers by examining factors that affect consumers' repurchase intention of Groupon.

### **1.3.2 Specific Objectives**

This research had identified the objective of investigating the relationship between the five variables and consumers' repurchase intention of Groupon. The following are the research objectives examined in this research topic:

RO<sub>1</sub>: To examine the relationship between eWOM with repurchase intention of Groupon.

RO<sub>2</sub>: To examine the relationship between low price with repurchase intention of Groupon.

RO<sub>3</sub>: To examine the relationship between prior experience with repurchase intention of Groupon.

RO<sub>4</sub>: To examine the relationship between website reputation with repurchase intention of Groupon.

RO<sub>5</sub>: To examine the relationship between website usability with repurchase intention of Groupon.

## **1.4 Research Questions**

As this research tried to investigate the key components that contributed to repurchase intention of Malaysian consumers on Groupon, this research was aimed to answer the following questions by examining the relationship of five components with Malaysian consumers' repurchase intention of Groupon:



RQ<sub>1</sub>: Will eWOM positively impacts repurchase intention of Groupon?

RQ<sub>2</sub>: Will low price positively impacts repurchase intention of Groupon?

RQ<sub>3</sub>: Will prior experience positively impacts repurchase intention of Groupon?

RQ<sub>4</sub>: Will website reputation positively impacts repurchase intention of Groupon?

RQ<sub>5</sub>: Will website usability positively impacts repurchase intention of Groupon?

## **1.5 Hypotheses of the Study**

This research addressed several objectives and questions related to factors that affect repurchase intention of Groupon. The following hypotheses are formed for this research:

H<sub>1</sub>: There is a positive relationship between eWOM and repurchase intention of Groupon.

H<sub>2</sub>: There is a positive relationship between price and repurchase intention of Groupon.

H<sub>3</sub>: There is a positive relationship between prior experience and repurchase intention of Groupon.

H<sub>4</sub>: There is a positive relationship between website reputation and repurchase intention of Groupon.

H<sub>5</sub>: There is a positive relationship between website usability and repurchase intention of Groupon.

## 1.6 Significance of the Study

This *research was aimed* to examine the factors that contributed to Malaysian consumers' repurchase intention of Groupon from five aspects, which included eWOM, low price, prior experience, website reputation, and website usability. This study will provide some insights from theoretical, organization and academic perspectives.

From a *theoretical perspective*, this research will help others in terms of validity of theories, reliability of researches and recommendations for future researches. This research can provide some understandings about consumers' OGB behavior from Malaysians perspective. From an *organizational viewpoint*, this study can also contribute to the management level of OGB businesses with knowledge regarding the factors that affect consumers' repurchase intention. Hence, companies are able to understand consumers' need and want and improve on their products and services in order to retain their consumers. Since this research is taking Groupon as the company of interest, this research can provide information to help Groupon improve their website, operations and consumers' retention. At the same time, other OGB websites can also use the outcome of this study as a reference to learn the key elements from Groupon to carry out their businesses to serve consumers better.

From the *academic perspective*, studies related to OGB were conducted by the following few researchers: Chin (2012), Mohammad Taheri (2011), and Ramayah, Aizzat, Mohd Nasser, and Letchumanan (2008). However, there are limited studies about OGB with repurchase intention as the dependent variable, especially in the context of Malaysia. This research will attempt to fill the gap for factors affecting OGB repurchase intention from Malaysians perspective. Therefore, this research can provide some references about the relationship between variables for those interested parties in conducting related researches in the future.

## 1.7 Definition of Terms

Table 1.1: Definition of Terms

<b>Term</b>	<b>Definition</b>	<b>Source</b>
Online Group Buying	Online purchase pattern of a group of consumers who purchase the same products or services to gain volume discounts.	Cheng and Huang (2013); Wong and Chau (2013)
Repurchase Intention	The probability or willingness of consumers to continue using the website and engage in repurchase behavior from the same website.	Kuan, Bock, and Vathanophas (2008)
Electronic Word-of-Mouth (eWOM)	Online word-of-mouth, product reviews, consumers' recommendations or conversations, reviews, and opinions that are posted through online channels.	Cantalops and Salvi (2014); Cheng and Zhou (2010)
Low Price	Based on consumer's perception of the good's price compared to other homogeneous goods offered by other brands or retailers.	Sweeney, Soutar, and Johnson (1999)
Prior Experience	Consumers with previous experience, familiarity, frequency of visit to the website and engages in repurchase behavior from the same website.	Johnson and Russo (1984); Dholakia and Kimes (2011)
Website Reputation	Based on trust, authority, aboutness, revisit, recommendation and rank.	Tom and Taves (2004)
Website Usability	Ease of usage for new visitors visiting the website.	Nielsen (1993)

Source: Developed for the research

## **1.8 Chapter Layout**

The whole research consists of five chapters. Each of these chapters links from one to another in this entire research. The chapters concerned are as follows:

### **Chapter One: Introduction**

In this introductory chapter, we will introduce the topic of the research and what it is all about. This chapter provide an overview of the research that consist of background, problem statement, research objectives, research questions, hypotheses of the study, significance of the study, and a brief layout of each chapter in the research.

### **Chapter Two: Literature Review**

This chapter include relevant journals and articles to review related definition and theories. Concept of OGB, background of the company studied in this research, and theoretical explanation had been discussed with the support of past studies. Next, this chapter consist of review of two conceptual frameworks from past researchers and a proposed conceptual framework. From the proposed conceptual framework, hypotheses were developed to study the relationship between independent variables with repurchase intention of consumers of Groupon. These variables acted as the foundation for the development of questionnaire in next chapter.

### **Chapter Three: Research Methodology**

In this chapter, we outlined the description about the procedure and methodology used to carry out the research. Research design and data collection methods used for this research were specified in this chapter. Besides, the sampling design are defined in terms of target population, sampling frame and sampling location, sampling elements, sampling technique, and sampling size in order to specified the appropriate ways to identify qualified respondents. This chapter also included descriptions about research instrument constructs measurement used in questionnaire, procedures to processes data, and methods of data analysis. In addition, the result of the pilot study and adjustment of questionnaire was reported in this chapter.

### **Chapter Four: Data Analysis**

This chapter presents the interpretation and findings of data analysis. All the information obtained from the respondents was collected, analyzed, and interpreted. Collected data was presented in the form of charts, figures, and tables and interpreted to provide meaningful results. Furthermore, this chapter include information about descriptive analysis, reliability analysis, and inferential analysis. Hypothesis testing was also performed in this chapter. All this was done with the aid of Statistical Package for Social Sciences (SPSS) software version 20.0.

## **Chapter Five: Discussion, Conclusion, and Implications**

This chapter includes discussions as well as the interpretation of the results and whether the propositions being investigated were thoroughly evaluated. Besides, this chapter consists of discussions of major findings and implications of this research on organizations and academic aspects. Finally, limitation of this research and recommendations for future researches were addressed to provide a clearer direction for relevant future researchers.

### **1.9 Conclusion**

OGB is seen as a new trend among consumers. In order to succeed and maintain their strength in this industry, companies need to understand the needs and wants of consumers to improve their products and services. The purpose of this study was to determine the driving factors that influenced consumers repurchase intention which will be beneficial towards OGB companies and for future academic studies. The next chapter will further extend the issues discussed in this chapter with more comprehensive literature review and development of conceptual framework and hypotheses.

## CHAPTER 2: LITERATURE REVIEW

### 2.0 Introduction

In this chapter, relevant journals, articles, and related past researches from secondary data were used in order to study factors influencing consumers' repurchase intention of Groupon. It will start off with a brief introduction of OGB, review on relevant conceptual frameworks from past studies, literature review on the six variables, development of conceptual framework, and formation of the hypotheses.

### 2.1 Overview of Group Buying and Groupon

#### 2.1.1 Definition and Background of OGB

Thanks to the development of Internet, e-commerce began to grow since early 1990s (Gao, 2014). *Online group buying (OGB)* refers to online purchase pattern of a group of consumers that purchases the same products or services to gain volume discounts (Cheng & Huang, 2013; Wong & Chau, 2013). OGB is also known as collective buying (Emmanuel, 2012). Based on Euromonitor (2011), China is the country from which the concept of OGB originated, which is Tuangou (also refer to team buying,

OGB, and “store mobbing”). Group buying has been in existence for a decade and has developed into various forms (Liu & Sutanto, 2012). *Deal-of-the-day* websites are the most welcomed type of OGB websites among consumers, which is a website that only provides one choice of product or service every day (Jia & Wu, 2011; Liu & Sutanto, 2012). The term OGB websites comes in various forms such as social couponing websites (Boon, 2013), daily deal websites (Donnelly, 2012), online discount coupon websites (Subramanian, 2012), and group-buy websites (Monroe, 2011). These terms have been used interchangeably by different authors. However in this study, online group buying or OGB will be used for standardization purposes. According to Subramanian (2012), OGB websites can be further divided into two types, which include *social coupons* (which show the number of deals sold on the website) and *regular deals* (which do not display number of deals sold on the website).

Consumers are often confused between flash sales websites (e.g. HauteLook and RueLaLa) and OGB websites (e.g. Groupon and LivingSocial) due to the similar characteristics that provide attractive discounts to them (Monroe, 2011). Consumers only get physical products that are no longer in trend or which are remaining stocks from flash sales sites (Monroe, 2011) while they can get virtual coupon from OGB websites (Eliason, Frezgi, & Khan, 2010).

Since the late 1990s, OGB websites has emerged in America and Europe (Liu & Sutanto, 2012). Malaysia also had its first OGB website that was established by Malaysians in the year 2000, which is Mydeal (Tan, 2011). However, OGB shopping patterns began to be well-known when Groupon brought up the trend (Liu & Sutanto, 2012). Since 2008, OGB websites have grown dramatically from United States to international market (Liu & Sutanto, 2012). The proliferation of OGB websites in the world significantly reflects this trend. For example, United States has 66 OGB



websites (Liew, 2010), China has 6, 000 OGB websites (Lee, 2011), Indonesia has over 30 websites (Cahyadi, 2011), and Malaysia has more than 60 OGB websites (Pillay, 2013). Australia has reached 80 OGB websites during peak period but has reduced to about 30 OGB websites due to strong competition (Bildner, 2013). Thanks to Groupon, OGB became famous in Europe in 2009 and Asia in 2010 (Tan, 2011). There are merely 20 websites that provide frequent deals, although Malaysia has more than 60 OGB websites (Pillay, 2013). Malaysians are more familiar with OGB websites such as Groupon Malaysia, MyDeal, Dealmates, StreetDeal, ILoveDiscounts, JackCow, Grabit, and others (Ali, 2013).

## **2.1.2 Mechanism of OGB**

### **2.1.2.1 OGB Websites Offer Discounted Products, Services or Coupons**

Consumers can buy discount coupons during a limited time for products and services, such as foods, beverages, beauty treatments, healthcare, and entertainments (Wong & Chau, 2013). Once the deals reached the minimum number of buyers before the time limit, consumers can benefit from the deals with lower price (Chin, 2012). Consumers can redeem their coupons and enjoy the discounted products or services from the business outlets (Chin, 2012). Wong and Chau (2013) mentioned that OGB websites have the *five characteristics*: (1) limited time for purchasing a deal in order to urge consumers' purchase behavior and encourage consumers to revisit the websites; (2) straightforward display of discount to facilitate consumers' decision; (3) the deals are made online by the click

of a button and consumers have various payment methods to complete the transaction before they can redeem the coupons. Then, consumers will redeem the coupons either by going to the physical outlets or through electronic media such as e-mail and short message service (SMS); (4) the websites act as intermediaries between consumers and vendors whereby the websites offer discounted deals by partnering with domestic businesses; and (5) vendors can benefit from free promotion effect by offering discounts that induce consumers' purchase action and awareness towards the business.

### 2.1.3 Background of Groupon

Groupon was established by Andrew Mason and his colleagues in 2008 (Saini, 2010). The name Groupon is a combination of the word "group" and "coupon" (Strauss, 2012). From \$2.3 billion in 2012, Groupon's revenue rose to \$2.6 billion in 2013 (Groupon, 2013). The company has experienced tremendous growth with presence in 48 countries in just a span of not more than two years (Groupon, 2013).

In 2011, Groupon entered Malaysian market by *acquisition*, a local OGB website called *Groupsmore* and changed their name as *Groupon Malaysia* (Tan, 2011). For standardization purposes, this study will use Groupon as Groupon Malaysia. Groupon offers special deals for products and services such as dining, healthcare, skincare, entertainment, and travels (Groupon, 2013). The deals are open for consumers to purchase during a limited time frame (Subramanian, 2012) and Groupon then obtains 50% of commission for each deal sold on behalf of vendors (Edelman, Jaffe, & Kominers, 2014; Strauss, 2012). For example, Groupon can obtain \$10 for each deal

if a restaurant offers discounted coupons at \$20, instead of the original selling price of \$40 (Edelman et al., 2014).

According to Donnelly (2012), the website will offer deals for consumers based on certain regions or the whole country. For example, some deals are available for all Malaysians (e.g. Pizza Hut with franchises all over Malaysia) while some deals are only available for certain consumers due to the restricted geographical boundaries of merchants (e.g. Penang, Klang Valley, and Johor Bahru). Groupon normally uses e-mail subscription and smartphone apps to update their deals for consumers (Donnelly, 2012). In Malaysia, *young consumers aged 18 to 27* make up for 70% of the total consumers of Groupon which are also the *target users* of the company (Tan, 2011). The company also has about 1,000 subscribers' everyday (Tan, 2011). Many OGB websites have emerged lately due to the low entry barriers in e-commerce sectors such as low capital requirement, easy access to technology knowledge, and lesser regulation constraints (Munoz & Choi, 2010). Groupon has to compete with LivingSocial, Google Offers, and Facebook Deals in the international market (Geron, 2011; Wasserman, 2011). Besides, the company also has to compete with local OGB websites in Malaysia such as MyDeals, StreetDeal, and others (Ali, 2013).

Many domestic and multinational companies adopted social media sites as one of their marketing strategy (Ding et al., 2013), including Groupon. Facebook and Twitter are used by Groupon as a marketing tool, information updates, and consumers' communication purposes (Donnelly, 2012). The report of Groupon for Quarter 1 2014 revealed that over 80 million people have downloaded the Groupon Mobile app (Groupon, 2014). As of 29 June 2014, Groupon's international Facebook page has 2, 278, 747 likes (<https://www.facebook.com/groupon>), Twitter has approximately 109, 000 followers (<https://twitter.com/groupon>), and

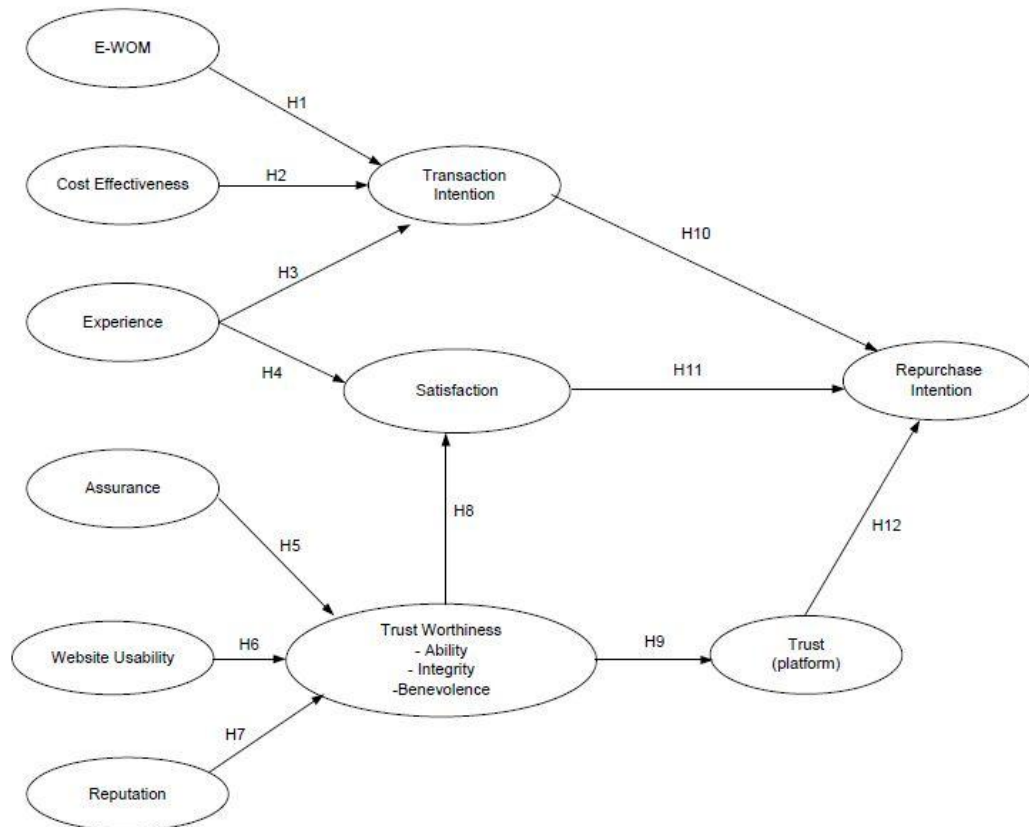
Groupon Malaysia Facebook page has more than 550, 000 likes (<https://www.facebook.com/grouponmy/likes>).

### **2.1.4 Past Studies on OGB**

OGB is a popular topic among researchers. Researchers have done studies on *consumers' intention* to purchase from or using OGB websites in the context of China (Gao, 2014; Li & Liu, 2012; Liu, 2013; Liu & Sutanto, 2012), Vietnam (Hà Nam & Nguyễn, 2013; Lu, 2013; Le, 2012), Taiwan (Pi, Liao, Liu, & Lee, 2011), and United States (Coulter & Roggeveen, 2012). Some researchers included *antecedents or different theories* when they study OGB such as consumer behavior (Cheng & Huang, 2013; Cheung, 2012), effect of gender and age (Ajisafe, 2012), and information system (Li & Liu, 2012). In terms of *OGB and repurchase intention*, some researchers had done it in the context of Hong Kong (Wong & Chau, 2013) and Taiwan (Shiau & Chau, 2013; Wang & Chou, 2014). In addition, Jia and Wu (2011) made *comparisons for different OGB websites* and Edelman et al. (2014) studied Groupon from *vendors' perspective*. *As far as we know*, studies related to OGB in Malaysia currently had been done by Chin (2012), Mohammad Taheri (2011), and Ramayah et al. (2008). Chin (2012) did a research on the relationship between perceived usefulness, perceived ease of use, perceived enjoyment, and OGB purchase intention. Ramayah et al. (2008) studied about the influence of power bases to OGB decision which includes viscosity, time constraint, and perceived risk as moderating effects. Mohammad Taheri (2011) related e-service quality and consumers' behavioral intentions in the context of OGB. Hence, this study is to attempt to fill in the gap for factors affecting OGB repurchase intention from Malaysians perspective.

## 2.2 Review of Relevant Conceptual Framework

Figure 2.1: Conceptual Framework of Factors of Influencing Repurchase Intention on Deal-Of-The-Day Group Buying Website



Source: Wong, S. Y., & Chau, H. Y. (2013). *Factors of influencing repurchase intention on deal-of-the-day group-buying website* (Unpublished undergraduate dissertation). Hong Kong Baptist University, Hong Kong, China.

Wong and Chau (2013) studied to understand the factors influencing consumers' trust and repurchase intention of OGB websites. This research was conducted in Hong Kong and targeted on Groupon Hong Kong as it was the most visited and the average time spent by consumers on the website was more than 12 minutes.

Figure 2.1 shows the conceptual framework used by the researchers. It illustrated the factors and relationship which influences consumers' repurchase intention on the OGB websites. There were six independent variables in this framework which were *eWOM*, cost effectiveness, experience, assurance, website usability, and reputation. While the four mediating variables, which were transaction intention, satisfaction, trustworthiness, and trust led to the dependent variable of this study, consumers' repurchase intention in OGB.

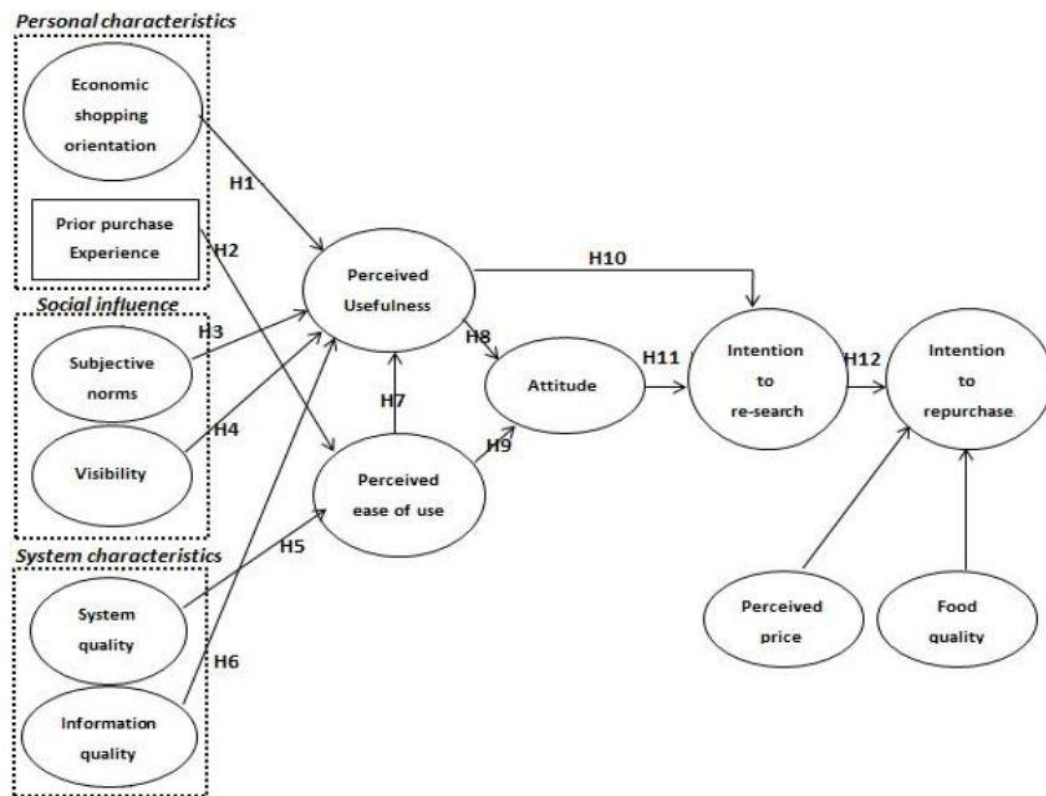
The *results* showed mostly the paths have high significant relationship between independent variables towards dependent variable. The top variables show *high significance* towards its next dependent variable which is *cost effectiveness*, assurance, *website usability, and reputation*. On the other hand, eWOM showed weak positive significance to transaction intention, which this mediating factor show positive relationships towards the dependent variable, repurchase intention. In addition, only the experience independent variable was not the leading factor influencing consumers' repurchase intention towards OGB. Based on results obtained by Wong and Chau (2013), their results were consistent with the previous studies.

*Implications* from this study were divided to theoretical and practical aspects. For theoretical aspect, Wong and Chau (2013) emphasized on studying the relationship between satisfaction, transaction intention, trust worthiness, and trust to determine which stimulated consumers' repurchase intention the most on OGB websites. From the practical aspect, OGB websites can increase their trustworthiness by improving assurance, website usability, and reputation. Moreover, consumer satisfactions are also affected by the level of trust and transaction intention.

For this study, we only focused on factors influencing repurchase intention of consumers without any mediating factors. Hence, we adopted four independent

variables from this study: eWOM, cost effectiveness, website usability, and reputation. This is because these variables have shown strong relationship with consumers' repurchase intention.

**Figure 2.2: Conceptual Framework of Consumer Characteristics, Social Influence, and System Factors on Online Group-Buying Repurchasing Intention**



Source: Wang, E. S. T. & Chou, N. P. Y. (2014). Consumer characteristics, social influence, and system factors on online group-buying repurchasing intention. *Journal of Electronic Commerce Research*, 15(2), 119-132.

Wang and Chou (2014) conducted a research on three groups of determinants influencing consumers' repurchase intention of OGB. As shown in Figure 2.2, the determinants are personal characteristics (economic shopping orientation and prior purchase experience), social influence (subjective norms and visibility), and system characteristics (system quality and information quality). This study was to

examine two areas: (1) influence of determinants on perceived usefulness and perceived ease of use on OGB websites; and (2) the relationship of perceived usefulness and perceived ease of use towards attitudes and behavioral intention. There are no past studies conducted that are related directly to these three groups of determinants with perceived usefulness and perceived ease of use.

In this conceptual framework two independent variables, *prior purchase experience* and system quality show *significant relationship* with perceived ease of use. While the other four independent variables which were economic shopping orientation, subjective norms, visibility, and information quality to study the relationship with perceived usefulness; all had significant relationship with perceived usefulness in OGB except visibility. Meanwhile hypotheses seven till 12 also should show significant relationship and ultimately proven to influence repurchase intention. These relationships from this study were similar to the past studies and technological acceptance model (TAM).

In *theoretical implication*, this study contributed in providing and examining together the three groups of determinants in which previous studies had performed separately. This further supports the relevance of using TAM in explaining OGB consumers and behavioral intention. Hence, OGB websites should focus on improving its website usefulness and ease of use to increase consumers revisit and repurchase intention. In *practical implication*, positive relationship between the company and consumers can be enhanced by focusing more on economic shopping orientation and higher prior purchase experience which will increase consumers' favorability and behavioral intention towards the website. For this study, only prior purchase experience was adopted as it is closely related to the study aim.



## 2.3 Dependent and Independent Variables

### 2.3.1 Dependent Variable

#### 2.3.1.1 Repurchase Intention

*Repurchase intention* refers to the probability or willingness of consumers who already completed an initial purchase and continues to use and buy from same website or company at a later time under consideration of present and possible situations (Chiu, Chang, Cheng, & Fang, 2009; Hellier, Geursen, Carr, & Rickard, 2003; Kuan, Bock, & Vathanophas, 2008). There are several terms similar to repurchase intention such as repeat purchase intention, rebuying intention, re-patronage intention, continuance intention, return intention, and revisit intention (Al-Maghrabi, Dennis, Halliday, & Ali, 2011; Argyriou, 2012; Bolton, 1998; Bolton, Kannan, & Bramlett, 2000; Chen, Chen, & Li, 2014; Oliver, 1999; Yap & Kew, 2007). This study mainly used the term repurchase intention for ease of explanation. Taking repurchase intention as the dependent variable in this study, this research was mainly focused on consumers that have prior experience in using the website and purchased from the website (Chung & Lee, 2003).

Repurchase intention is important for a company to predict the possible behavior of consumers and demands (Kim, Lee, & Youn, 2012). According to Ajzen (1985), a person's behavior or action can be measured

through a person's intention. The intensity of intention will determine the possibility of the person to carry out desired behavior (Ajzen, 1991). When a person has the abilities or resources (e.g. time, money, and skills) to support the intention, the possibility to carry out the actual action is higher than a person who lacks the resources (Ajzen, 1991). Hence, under the condition that consumers have the abilities or resources, consumers are more likely to conduct actual repurchase behavior when they have stronger repurchase intention.

Prior experience from the past transaction such as price consideration, relationship, competition, and performance criteria will influence consumers' willingness to perform a repeat purchase (Li & Hong, 2013). Li and Hong (2013) mentioned that consumers' repurchase intention is affected by confirmation and satisfaction. According to Jiang and Rosenbloom (2005), *consumers with higher loyalty* tend to: (1) engage in repeat purchase activities; (2) contribute higher revenue to company with higher consumption amount; (3) willing to spend more effort to research before buying; (4) recommend to friends and families; and (5) less likely to switch to competitors simply due to incentive offered by the competitors.

Besides, consumers will reduce their price sensitivity and are willing to pay higher prices when they are satisfied with products or services that fulfill their requirements (Hill & Alexander, 2006). In the highly competitive market, defensive marketing strategy plays a pivotal role to alleviate the possibility of consumers exit and switching (Fornell & Wernerfelt, 1987). Consumers' retention is more important than attracting new consumers because the cost incurred to retain the current consumers is lower than gaining new consumers (Fornell & Wernerfelt, 1987; Pfeifer, 2005). In addition, *Pareto Principle* or *80/20 rule* indicated that 80% of a company's revenue comes from 20% consumers (Lombardo, 2003). It is

more cost efficient and effective to retain valuable consumers (Lombardo, 2003) and current consumers (Hill & Alexander, 2006). The measurement of repurchase intention is able to help a company to understand whether they are able to retain consumers and remind the company to improve their consumer retention strategy if the repurchase intention is not of the desired target of a company.

### **2.3.2 Independent Variables**

#### **2.3.2.1 eWOM**

According to Wong and Chau (2013), the traditional form of *word-of-mouth (WOM)* is informal, verbal, and non-commercial type of communication about products, services, companies, or brands from prior experience consumers to other consumers. With the technology advancement especially the growth of Internet, WOM is gradually changing and is now present in electronic form, which is known as *electronic word-of-mouth (eWOM)*. EWOM also known as computer-mediated word-of-mouth (Edwards, Edwards, Shaver, & Oaks, 2009), online word-of-mouth (Cheng & Zhou, 2010; Ji & Zhang, 2009), online reviews (Cantalops & Salvi, 2014; Cheng & Zhou, 2010; Obiedat, 2013), online consumer recommendations or conversations (Cantalops & Salvi, 2014; Cheng & Zhou, 2010; Dabholkar & Sheng, 2012; Senecal & Nantel, 2004), and online opinions (Cantalops & Salvi, 2014). For the ease of explanation, this research mainly adopted the term eWOM.

According to Hennig-Thurau, Gwinner, Walsh, and Gremler (2004), eWOM is defined as “any positive or negative statement made by potential, actual, or former consumers about a product or company, which is made available to a multitude of people and institutions via the Internet”. EWOM expanded consumers' social network to bigger scope (consumers could interact with someone they do not know) as compared to the traditional WOM (which is only limited to acquaintances like friends and families), whereby the tie strength between senders and receivers have changed over time (Cheng & Zhou, 2010; Gauri, Bhatnagar, & Rao, 2008). Consumers who have the *sense of brand community engagement* will communicate more intensively, no matter online or offline (Karjaluoto, Munnukka, & Tikkanen, 2014). The sense of belonging with virtual community could act as social influence on consumers' online purchase intention (Cheng, Tsai, Cheng, & Chen, 2012). This shows that eWOM spread in virtual community brought social influences to affect consumers' purchase intention.

EWOM allows consumers to interact with each other *anytime, anywhere, without face-to-face conversation* as required by WOM (Cheng & Zhou, 2010). EWOM's interaction can take place simultaneously (e.g. Instant Messaging), non-simultaneously (e.g. blogs and e-mail), one-to-one (e.g. consumers communicate with particular people that they know via e-mail), one-to-many (e.g. consumers share their opinion on websites), or many-to-many (e.g. chat room involving a group of consumers) (Litvin, Goldsmith, & Pan, 2008). According to Cheung and Lee (2012), eWOM channels include weblogs, forums, review websites, retail websites, newsgroup, and social media sites. In Malaysia, consumers can share eWOM through blogs (e.g. Blogger and Wordpress), forums (e.g. Cari.com and Lowyat.net), social media sites (e.g. Facebook and Twitter), and other electronic platforms. Hence, eWOM provide *benefits* of cost reduction, faster and powerful information dissemination, reduced perceived risk, and information asymmetries (Cheng & Zhou, 2010).

As compared to marketer-generated information, consumers tend to have higher involvement with the product discussed in online discussions that involving other consumers (Bickart & Schindler, 2001). Non-marketer-generated eWOM from forums are more credible, relevant, and can bring empathy to consumers (Bickart & Schindler, 2001). Consumers believe strangers are sharing their experience sincerely as normal consumers without commercial benefits (Bickart & Schindler, 2001). Consumers believe that the writers of eWOM can provide more accurate product reviews from the perspective of consumers, rather than the product experience that was described by the marketers (Bickart & Schindler, 2001). EWOM that expresses emotion explicitly such as happiness or dissatisfaction of using a product, can influence other consumers empathize and experience the same feeling as the writers (Bickart & Schindler, 2001).

The way consumers evaluate the credibility of eWOM is different, depending on whether the product characteristics can be assessed before the purchase (*search products* such as mobile phone) or after purchase (*experience products* such as hotel) (Jiménez & Mendoza, 2013). The increase in credibility of eWOM has led to the increase of purchase intention (Jiménez & Mendoza, 2013). Consumers rely on level of detail of eWOM to judge the credibility of eWOM for search products whereas credibility of eWOM for experience products is dependent on level of reviewer agreement of eWOM (Jiménez & Mendoza, 2013).

As seen in Figure 2.3, worldwide Internet users became more concerned with eWOM by reviewing the opinions about products from websites (Mander, 2014). From Figure 2.4 and Figure 2.5, according to Nielsen (2011), Malaysians often visit online forums, which also include message boards, social media, and review websites. In addition, 94% of Malaysian Internet users tend to refer to online opinions from other consumers, which

is the highest percentage as compared to Thailand (90%), Philippines (89%), and Singapore (87%) (Nielsen, 2011). This shows that eWOM does impact the Malaysians' consumption behavior.

**Figure 2.3: Influencers - Over 60% are Reviewing Products**



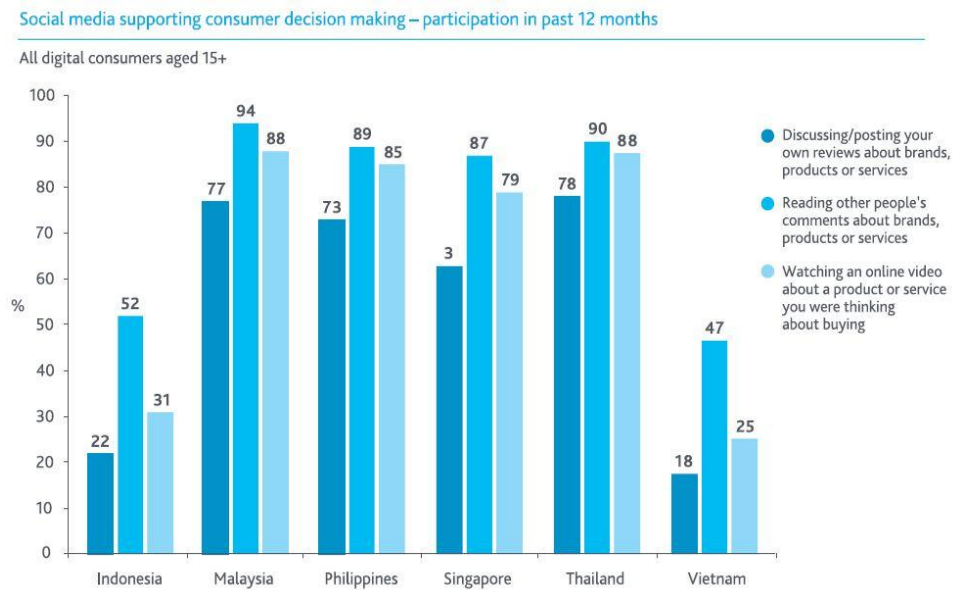
Source: Mander, J. (2014). *GWI commerce summary*.

**Figure 2.4: Proportion of Digital Consumers Ever Visiting Online Forums vs. Visiting Monthly**



Source: The Nielsen Company. (2011). *The digital media habits and attitudes of Southeast Asian consumers*.

**Figure 2.5: Social Media Supporting Consumer Decision Making - Participation in Past 12 Months**

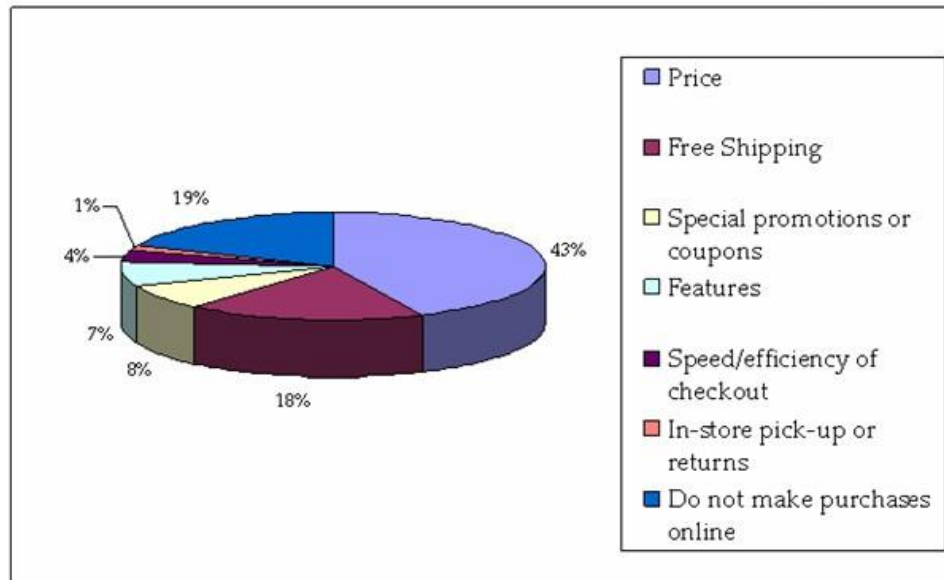


**Source:** The Nielsen Company. (2011). *The digital media habits and attitudes of Southeast Asian consumers.*

### 2.3.2.2 Low Price

According to Sweeney, Soutar, and Johnson (1999), the definition of *price* is based on consumer's perception of the good's price comparing few homogenous products offered by other brands or retailers. A survey conducted by *Aegis Group's Synovate for Guidance* shows price, which was represented by 43%, as the primary factor influencing online shopping, as shown in Figure 2.6. Moreover, this price sensitivity is highly influenced by the age range of 18 to 24 (53%) compared to those of 65 and above (30%) (MarketingCharts, 2007). Meenakshi and Jashandeep (2013) proved that price is one of the top factors influencing youngsters' trust perception when choosing online shopping over brick-and-mortar stores.

Figure 2.6: The Most Important Factors in Influencing Online Shopping

**What is the most important factor when buying online?**

Source: Guidance/Synovate

Source: MarketingCharts (2007). *Price most important factor for online shoppers.*

Pricing becomes a crucial factor for online vendors as price sensitive consumers can make comparisons easily with little effort among few other websites which offers similar products (Hasslinger, Hodzic, & Opazo, 2007). **Price sensitivity** reflects consumers' sensitivity on price changes of a product or service, either above, along the line or below the price that consumers are willing to pay (Monroe, 1973). Especially in online platform, consumers can easily compare prices offered by different vendors and therefore increase their price sensitivity (Aradhna, 2011; Shankar, Rangaswamy, & Pusateri, 1999; Tan, 2003). Lower pricing encourages the expansion of e-shopping and it is one of the top three factors that motivate consumers to shop online (PricewaterhouseCoopers, 2012). Rohan Bhargava, founder of Cashkaro, an OGB website in India mentioned the importance of price to tackle price sensitive individuals ("Cashback, lower prices," 2014). In fact, 74% of Malaysian chose online



shopping at Groupon to save money in a *Year-End Holiday Shopping Survey* conducted by Groupon (Nurul, 2013).

Consumers have *different perceptions* on price offerings when it comes to online and traditional retailers (Hardesty & Suter, 2005). According to Modahl (as cited in Hardesty & Suter, 2005), consumers assumed products sold by online vendors will be cheaper compared to traditional retailers. Using a supply and demand curve, it explained a negative relationship where the quantity supply will increase when price decrease (Hardesty & Suter, 2005). This is the same situation for OGB, as many online vendors offer similar products (supply increase), consumers' price perception for purchasing a particular product will reduce (price decrease) (Hardesty & Suter, 2005). In addition, online vendor is a virtual store, in which the business is not required to pay the monthly rental and other facilities, thus reducing the number of workforces and intermediaries. Hence, the selling price has significant difference compared to traditional retailers (Lu, 2013).

OGB is practicing the *cost leadership strategy* (Lu, 2013). Cost leadership strategy was introduced by Michael Porter (1985), one of the three generic strategies to achieve competitive advantage in an industry (Datta, 2009). Cost leadership means "sell a standard, or no-frills, product and place considerable emphasis on reaping scale or absolute cost advantages from all sources" (Porter, 1985). Based on Erdogmus and Cicek (2011), there are two types of OGB systems. First type is the *dynamic pricing mechanism*, when the group size of purchasing consumers increases, it will bring reverse effect on the price and more price reduction will be given on the deal (Erdogmus & Cicek, 2011). Thus, consumers are motivated to increase the group size in return for further price reduction (Xiong & Hu, 2010). The second type is *fixed discount rate*, a product or service's discount price is fixed, which means it will not be influenced by

the fluctuating number of consumers (Erdogmus & Cicek, 2011). This discount price will be given in general more than 50% and the offer period is usually one day, also known as deal-of-the-day (Xiong & Hu, 2011). Xiong and Hu (as cited in Erdogmus & Cicek, 2011) indicated this system, however, will only be valid if “the total number of the buyers who buy the deal must be greater than the predetermined limit of the minimum required number of buyers”.

### **2.3.2.3 Prior Experience**

According to Brucks (1985), consumers' *product class knowledge* can be categorized into three categories namely subjective knowledge, objective knowledge, and prior experience knowledge. *Subjective knowledge* refers to what a person thinks he or she knows about the product (Brucks, 1985). *Objective knowledge* refers to a person's actual knowledge about the product (Brucks, 1985) and *prior experience knowledge* depends on the person's previous knowledge and experience using the same or similar products (Osti & Turner, 2008).

According to Meyer and Schwager (2007), consumer experience is inner and personal reaction of consumers towards any direct or indirect contact with a business. Consumers involved in *direct contact* through the actions of buying, using, and obtaining services from company (Meyer & Schwager, 2007). On the other hand, consumers also encounter *indirect contact* with demonstration of products, services, or any identification related to a company and receives favorable and unfavorable comments through various media channels (Meyer & Schwager, 2007). Chen, Shang, and Kao (2009) defined *online shopping experience* as consumers' personal view of their own previous experience on buying through online

vendors. Forsythe and Shi (2003) indicated that online shopping frequency can be determined by online experience. Poor experience will lead to short-lived relationship that is detrimental for company (Bolton, 1998). Development of long term relationship with consumers is very much important because a consumer's contribution of their lifetime income to a company is dependent on how long the relationship is and how much money they spend each cycle (Bolton, 1998).

Online shopping is considered riskier than traditional retailers due to non-physical transaction and business model (Laroche, Yang, McDougall, & Bergeron, 2005; Samadi & Yaghoob-Nejadi, 2009). There are still many consumers who do not wish to purchase products or services through online vendors. The lack of human interaction, physical sight of the products, and the trust level in online payment will further increase doubt among consumers (Su, Hsu, & Wang, 2009). Consumers with no prior experience are unlikely to make any online shopping due to uncertainties including privacy risk and trust on the products sold (Fielder, 2011). However, this perception can be changed with experience which will change consumers' intention and behavior when their experiences increase (Järveläinen, 2003; Samadi & Yaghoob-Nejadi, 2009). In the study of Dholakia and Kimes (2011), prior experience consumers can be divided into three levels based on their past buying behavior. *Beginner consumers* had purchase transactions between 1 and 4 times, *expert consumers* had purchase transactions between 5 and 10 times, and *heavy consumers* had purchase transaction between 11 times or more (Dholakia & Kimes, 2011). For beginner consumers they have limited experience on online buying, they are still exploring the website's interface and trial and error occurs (Dholakia & Kimes, 2011). Expert consumers are quite experienced and familiar with the online vendors (Dholakia & Kimes, 2011). Heavy consumers are the know-how users who spend minimal time to complete a purchase (LivePerson, 2013). In addition, heavy consumers are the most anticipating group for new OGB notifications (Dholakia & Kimes, 2011).

Consumers tend to rely on past online shopping experiences when making online purchase decisions (Kwek, Lau, & Tan, 2010). Interaction with website could provide experiences that alleviate worry about uncertainty in Internet transactions (Weisberg, Te'eni, & Arman, 2011). Consumers tend to buy smaller amount of products to reduce the perceived risk during their initial trial of a new product (Shoemaker & Shoaf, 1975; Panda, 2008; Lantos, 2011). Then, they will gradually increase the frequency or amount of purchase over time, which is also known as “add on” purchasing (Taylor & Hugstad, 1980). Similarly, these *trial purchase behavior* is also applicable in online context. Prior online purchase experience can help consumers to reduce perceived risks such as product (e.g. defects and performance), privacy (e.g. stole personal data), and financial (e.g. losing money) risks on non-digital products purchase (Dai, Forsythe, & Kwon, 2014).

Using the *Power Law of Practice*, the longer the period or frequency visit on the same online vendor, the lesser time is required for consumers to complete his or her transaction (Bellman, Lohse, & Johnson, 1999). Power Law of Practice explained by Crossman (1959), a person need to experience the *trial and error* process in finding the most effective way to achieve the task. As a result, consumers with prior experience, familiarity, and frequent visit to the website are the key factors influencing consumers' efficiency (Johnson, Bellman, & Lohse, 2003). Prior experience consumers tend to have higher product familiarity, hence they require lesser searching time than those with moderate or low familiarity (Johnson & Russo, 1984). The higher the frequency of past purchasing behavior and duration spent on online vendors, the higher the possibility of a transaction taking place (Johnson, Bellman, & Lohse, 2003; Dholakia & Kimes, 2011).

#### 2.3.2.4 Website Reputation

Reputation is the primary asset to form a successful business (Lee & Eze, 2011). Reputation can help boost the performance of a company (Davies, 2003), retain valuable consumers and ensure sustainability of business (Portmann, 2013). As an example, consumers are willing to pay higher price when purchasing from well-known online bookstores such as Amazon.com, Barnesand-Noble.com, and Borders.com (Smith & Brynjolfsson, 2001). However, reputation can only be developed through long term and it can be tarnished easily (Portmann, 2013; Yaniv & Kleinberger, 2000). The vulnerability of reputation is due to reputation being formed on the basis of social judgement towards the company (Portmann, 2013). For instance, negative comments that appeared on the Internet can cause some companies to experience losses of revenue about \$2 million per year (Conner, 2014). Hence, *online reputation management* should be taken seriously and not be ignored by any business company (Portmann, 2013).

*Reputation* is referred to the extent to which a seller is being credible, where the company fulfills what it promises (Donney & Cannon, 1997), and shows great interest to provide value and retain its various stakeholders (H. W. Kim, Xu, & Koh, 2004). Wong and Chau (2013) defined reputation as a collective impression of retailers' previous performance and their capability to provide value-added services to consumers. Strong reputation can only be obtained through combination of performance, behavior, and communication, which means each element is indispensable to build reputation in long term (Doorley & Garcia, 2011). A website is considered reputable when it gains recognition from third parties who have gained favourable experience from the website and give high ratings to the website (Tom & Taves, 2004).

Reputation is an *indicator of the reliability of the website* as well as company (Portmann, 2013; Smith & Brynjolfsson, 2001). Consumers form their expectation to the possible performance of online vendors based on the reputation of the websites (Tom & Taves, 2004). For instance, consumers expect more positive outcomes from Amazon.com relative to other less well-known websites (Tom & Taves, 2004). Consumers tend to have higher expectation to the performance of reputable websites in handling users' privacy issues as compared to less reputable websites (Li, 2014). In contrast with websites of less well-known companies, Li (2014) indicated that websites of reputable companies are often under the spotlight of media when they encountered misconducts. Due to privacy issues raised by well-known companies like Apple Inc. and Facebook Inc., the public and media have started to question the ability of those reputable companies to properly manage users' information on their websites (Hoadley, Xu, Lee, & Rosson, 2010; Xu, Dinev, Smith, & Hart, 2011). In particular, Groupon as a website that involves online transactions cannot escape from dealing with privacy issues (Hill, 2011; Magee, 2011). Online payment safety and privacy issues are the main reasons that limit consumers' willingness to carry out online purchase, even for younger consumers (Maab, 2011). Hence, it is crucial for Groupon and other businesses involved in providing online transaction to build their reputation as reliable and safe online purchase platforms.

According to Jøsang, Ismail, and Boyd (2007), reputation can be used as a measurement of *trustworthiness* derived from the ratings and referrals from a particular community. Trust is therefore seen as a crucial factor that affects the reputation of a website (Teo & Liu, 2007). Especially for consumers who are lacking in prior experience, reputation can help to reduce their perceived risk and increase their confidence with online vendors (McKnight, Choudhury, & Kacmar, 2002). With the belief that reputable online vendors will put in their effort to protect their reputation from any detrimental matters, consumers can predict the trustworthiness of

the online vendors and gain confidence on the retailers (Grazioli & Jarvenpaa, 2000). Consumers can develop their own inferences and perceptions towards the level of trustworthiness a particular seller or website has based on consumers' ratings and comments on a website (Ba & Pavlou, 2002). Consumers can also develop their trust based on other consumer's referrals or based on their own experience (Jøsang et. al, 2007). Fogg et al. (2001) also examined whether a relationship exists between trustworthiness or expertise and credibility in websites. Trustworthiness or expertise is deduced to have significant effects on believability, and thus the perceived credibility of a website (Fogg et al., 2001).

Assessing the reputation of websites can also be based on trust, authority, aboutness, revisit, recommendation, and rank (Tom & Taves, 2004). For a website to be reputable, Tom and Taves (2004) proposed that the website should be trustworthy, authoritative, and about the topic. Reputation also has a direct impact towards a consumer's intention to perform transactions (Pavlou & Chai, 2002). Jarvenpaa, Tractinsky, and Vitale (2000) theorized that the perceived size and reputation of a store is able to influence the trust towards an online store. In order for trust to exist, consumers must be able to believe that the seller has the ability and motivation to deliver the products reliably and in the expected condition of consumers. Consumers will then be less likely to patronize websites that lack trustworthiness (Jarvenpaa et al., 2000). The perceived size of the store (sales volume or the number of products for sale) can be used as indicators to determine consumers' perceptions towards the online store (Jarvenpaa et al., 2000). According to Paynter and Lim (2001), majority of consumers tend to buy from reputable and popular websites. Both buyers and non-buyers have more confidence to purchase after determining how reputable the online store is (Paynter & Lim, 2001). Recommendations from popular third party websites would also encourage consumers' purchase decision (Lee & Eze, 2011).

### 2.3.2.5 Website Usability

Since website is the key channel that connects a company and consumers (Palmer, 2002), website itself is important for consumers to form their impression and judgment towards the company (Zhang et al., 2011). Nielsen (1993) defined *website usability* as ease of use for new visitors visiting the website. Nah and Davis (2002) defined website usability as ease for consumers to access information that they require rapidly with the least effort. In addition, website usability is also related to design, functionality, and usefulness of website (Cao & Zhang, 2005; Chen, Hsu, & Lin, 2010; Qi, Leung, Law, & Buhalis, 2010). The study of website usability involves two dimensions, which is *utilitarian* (functional) and *hedonic* (pleasure-related) (Wagner, Hassanein, & Head, 2014). Specifically, website usability does not only refer to user-friendly from the users' perspective, it involves technical evaluation to what extent users are able to complete a task (Thurrow & Musica, 2009).

Different authors employ different approaches to study and define *usability*. Nielsen (2012) defined usability as a quality attribute that measures how easy it is to operate the user interface and also methods used during the design process to improve the easiness in using the particular website. Five quality components are being defined for usability which include learnability, efficiency, memorability, errors, and satisfaction (Nielsen, 2012). Palmer (2002) has associated website usability with five different elements such as navigation, response time, content, interactivity, and responsiveness. Agarwal and Venkatesh (2002) studied website usability using the Microsoft Usability guidelines which contains five broad categories: content, ease of use, promotion, made-for-the-medium, and emotion. Choi, Jung, and Li (2003) proposed ease of navigation, consistency, easy to learn, and guidance under website usability. Chen et



al. (2010) included website ease of use, effective search capability, website content, and interactivity under website usability.

Although some researchers remained using *ease of use* to study e-commerce (Monswé, Dellaert, & Ruyter, 2004), Flavián, Guinalú, and Gurrea (2006) mentioned the term of *usability* are commonly used in e-commerce context as compared to ease of use despite the similarity in these two terms. There is a difference between perceived usability and actual usability. *Perceived usability* refer to expectation made by users about the usability of computer system prior and after they have used the system (Kampf, 2004; Zheng, Lin, Zapf, & Knapheide, 2007). *Actual usability* refers to pragmatic system usability that is truly experienced when conducting usability assessment or when users are using the system (Kampf, 2004; Zheng et al., 2007).

Lee and Koubek (2010) studied usability using two concepts: pre-use usability and user performance (task completion time). *Pre-use usability* refers to the perceived usability users have towards the interface attributes of a website before actually using it (Lee & Koubek, 2010). *User performance* refers to the results of the user's activities on the website in a given time period and the degree of accomplishment of a specific task completed by the user (Lee & Koubek, 2010). Task completion time is one of the objectives in measuring user performance (Lee & Koubek, 2010). Studies done by Nielsen and Levy (1994) also found that user performance is one of the biggest determinants of website usability. Usability is especially important in encouraging application of e-commerce in service industry (Wu, Zhang, Xing, Dai, & Du, 2007).

Website focuses on creating and continuously improving the *User Interface (UI)* of the website, the key to "clear navigation" (Belson & Ho,

2011). According to Belson and Ho (2011), there are five important criteria, also known as *The 5E's to Usability*: (1) Effective - how well and successful the user's goals being achieved; (2) Efficient - how fast the user successfully achieve his or her goals; (3) Error tolerant - how well the website reduce error and able to overcome the problems occurred during the interaction with users; (4) Engaging - how well the UI satisfied the users; and (5) Easy to learn - how quick the users can familiarize within minimal effort to learn.

*Effectiveness* is measured based on how accurate and complete online users can achieve their goals such as purchase or information gathering (Lee & Kozar, 2012). For example, when a website has excellent navigation features, vivid and interactive images as well as depth and relevant scope of content, users have a higher tendency to achieve intended goals with fewer errors (Lee & Kozar, 2012). *Efficiency* is represented by the amount of resources used to achieve the intended goal when visiting a website (Lee & Kozar, 2012). For example, higher efficiency is perceived when the users can achieve faster results without using too much effort (Lee & Kozar, 2012). This can be achieved when website contains simple and consistent designs across the web pages, allowing users to read and learn easily the content of the website (Lee & Kozar, 2012). *Satisfaction* refers to the degree of comfort and acceptability a user obtains when browsing a website (Lee & Kozar, 2012). For example, consumers' satisfaction increases when a variety of options (e.g. frequently asked questions (FAQ) and real time customer support personnel) that is reliable, secured, and privacy-guaranteed exists in a website to aid users (Lee & Kozar, 2012).

Flavián et al. (2006) used a different approach in studying website usability. Several aspects were taken into consideration such as ease of understanding the structure of the website, functions, interface and

contents, simplicity of website usage during initial stages, speed of users finding their intended search, ease of site navigation which depends on the time and action needed to obtain intended results, and ability of users to control what they are doing and where they are, at any period of time (Flavián et al., 2006).

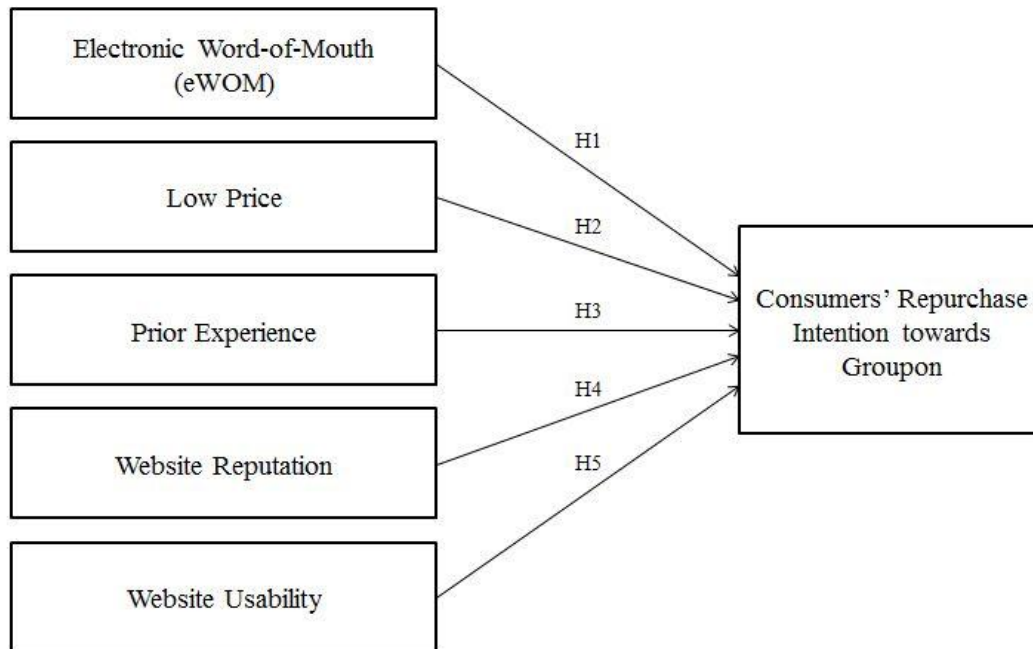
Benbunan-Fich (2001) studied website usability using *protocol analysis* which used four broad categories in evaluating website usability. *Objective performance* is used to measure user capabilities when visiting a particular website by measuring the amount of time or effort spent at accomplishing specific tasks on the website (Benbunan-Fich, 2001). *Subjective user preferences* is used to measure one's likeability towards the system by providing their personal opinion or using a questionnaire to rate the system (Benbunan-Fich, 2001). *Experimental evaluations* are done based on controlled experiments by testing hypotheses about design and its impact on user performances and preferences (Benbunan-Fich, 2001). *Direct observation* is also done through inspection and monitoring user behavior during their interaction with the system, so as to determine any usability problems that occurred (Benbunan-Fich, 2001).

## 2.4 Proposed Conceptual Framework

Figure 2.7 shows the combination of two conceptual frameworks from Wong and Chau (2013), and Wang and Chou (2014). The proposed conceptual framework include eWOM, low price, prior experience, website reputation, and website usability as the independent variables and consumers' repurchase intention towards Groupon as the dependent variable. In the following part of this chapter,

hypotheses of the relationship between each independent variable and dependent variable will be examined and developed.

Figure 2.7: Proposed Conceptual Framework of Consumers Repurchase Intention towards Groupon



Source: Developed for the research

## 2.5 Hypotheses Development

### 2.5.1 eWOM

While traditional WOM has brought indirect and direct impact to consumers' buying decision (Chang & Chin, 2010; Zamil, 2011), eWOM also has similar effect. Gao (2014) found that eWOM has positively influenced OGB consumers' decision making. EWOM has positive relationship with transaction intention, whereas transaction intention has positive relationship with repurchase intention of Groupon website (Wong & Chau, 2013). Gauri et al. (2008) found that repurchase intention was affected by positive eWOM and the effect of eWOM was greater than other aspects such as delivery punctuality and order tracking. Chung and Shin (2010) also mentioned that repurchase intention is affected by positive eWOM. Conversely, the study of Gruen, Osmonbekov, and Czaplewski (2006) showed that eWOM (in the context of consumer-to-consumer (C2C)) only affected how consumers perceive product value and consumers promote the product to other people, rather than repurchase intentions. Studies of Cheng (2012), and Tan, Khor, Tan, Jasli, and Ganapathy (2013) found that eWOM did bring impact to consumers' repurchase intention. However, satisfaction and trust also mediated to what extent eWOM can influence repurchase intention (Cheng, 2012).

According to Smith, Bolton, and Wagner (1999), in service industry, *outcome failure* is the failure of company to satisfy fundamental requirement of a service which led to consumers' inability to enjoy the service, whereas *process failure* is the inability of company to provide

good services during the process of serving consumers. Van Erp (2014) found that consumers had higher repurchase intention when they viewed eWOM that had been replied by companies in an empathic way especially eWOM of outcome failure. Further, the significant results were companies' response to eWOM was able to affect consumers' repurchase intention no matter what type of failure or the response of company (Van Erp, 2014).

Many researchers studied the relationship between eWOM and purchase intention and proved eWOM significantly influenced consumers' purchase decision in various types of products or services (Chevalier & Mayzlin, 2006; Hartman, Hunt, & Childers, 2013; Jalilvand & Samiei, 2012; Ji & Zhang, 2009; Lim, Chung, & Pedersen, 2012; Lin & Foster, 2013; Stelea, 2014; Thakur, Yadav, & Lamba, 2013).

Senecal and Nantel (2004), and Fan and Miao (2012) proved that there is direct relationship between consumers' purchase decision and eWOM. As compared to male, female tend to refer to credible eWOM in their buying decision (Fan & Miao, 2012). Hennig-Thurau and Walsh (2003) found that negative eWOM were more powerful in influencing consumers' decision making as compared to positive eWOM. Surprisingly, consumers' willingness to pay was not affected even if eWOM contained some errors (Adomavicius, Bockstedt, Curley, & Zhang, 2012). Fagerstrøm and Ghinea (2011) concluded eWOM and pricing showed the same effect towards online purchase when the online price was not much different from the market price. Furthermore, eWOM was more effective in influencing online purchase decision of less experienced consumers than those who purchase frequently. EWOM from friends brought the most obvious impact to online purchase behavior of Latvian consumers because they felt confident to buy through online vendors after friends became familiar with the websites (Dumpe & Peterson, 2011).

Cheng and Zhou (2010) had summarized that there were many reasons from past studies that can mediate the effectiveness of eWOM on consumers' purchase decision, such as consumers' knowledge, propensity to trust, demographics, self-efficacy, and dependency on online source. EWOM has influence on purchase decision but the influential effect depends on quality, volume, characteristic, and content of eWOM (Lee, 2009; Lin, Wu, & Chen, 2013; Lim et al., 2012; Rehmani & Khan, 2011; Yahli & Bayram, 2012; Vimaladevi & Dhanabkaym, 2012). Quality of eWOM is more effective in affecting purchase decision of consumers who are highly involved whereas the volume of eWOM is more useful in influencing purchase decision of consumers who are less involved (Lee, 2009). EWOM quality directly influenced perceived usefulness of website but indirectly influenced consumers' impulsive purchase on OGB websites (Zhang, Hu, & Zhao, 2014). Interestingly, Duan, Gu, and Whinston (2008) found that favorable eWOM with high ratings (which exert persuasive effect) was less influential than volume of eWOM (which exert awareness effect). User-generated eWOM were more influential than marketer-generated, although both types of eWOM could influence purchase intention (Goh, Heng, & Lin, 2012; Mayzlin, 2006). When consumers' participation in using online product *recommendation agents (RAs)* was higher, they tend to have higher satisfaction, trust, and purchase intention (Dabholkar & Sheng, 2012). Trust indirectly mediated the effect of consumers' participation in using RAs on their purchase decision (Dabholkar & Sheng, 2012).

Besides, the mediating effect of consumers' knowledge in between traditional WOM and purchase decision was insignificant (Bansal & Voyer, 2000; Gilly, Graham, Wolfenbarger, & Yale, 1998). Conversely, Cheung, Xiao and Liu (2012), Lim et al., (2012), and Park, Kim, and Han (2007) obtained similar results to show consumers' knowledge did mediate the effect of eWOM on their purchase decision. While recognizing eWOM's impact towards purchase decision, many researchers further

expand the studies to determine the extent to which eWOM could influence purchase intention by connecting with different mediating factors, antecedents, and other perspectives. Positive eWOM enhanced the initial attitude of consumers and increased their confidence, which will further lead to purchase intention (Cheung, Lee, & Thadani, 2009). With trust as antecedent, eWOM was more influential on online purchase decision as compared to advertisement (Lee, Park, & Han, 2011). Chatterjee (2001) examined that negative eWOM exerted greater influence on price-concerned consumers' purchase decisions but is less influential on consumers who patronized a retailer by relying on familiarity. Significantly, many studies recognized that eWOM did play an indirect role in influencing purchase decision when the researchers try to include different variables such as concept personalization (Xia & Bechwati, 2008), blogger reputation (Hsu, Lin, & Chiang, 2013), product involvement (Lee, Park & Han, 2008; Lin et al., 2013), brand image (Lin et al., 2013), trust (Lin, 2013; Loh 2011; Lok, Cheng, Rhodes, & Asano, 2012), product attitude (Hamouda & Tabbane, 2013), valence intensity of eWOM (Floh, Koller, & Zauner, 2012), and perceived credibility (Floh et al., 2012; Lee et al., 2011). According to Lee and Kozar (2012), the research on both direct and indirect effect of independent variables on dependent variables can obtain a more thorough result about the effect of a variable. Majority of past studies showed the trend of significant direct and indirect relationship between eWOM and repurchase intention or purchase intention. Hence, the hypothesis is formed as below:

**H1: There is positive relationship between eWOM and repurchase intention.**



### **2.5.2 Low Price**

Liu (2013) described OGB as a group of consumers sharing the same interest to purchase products priced at discounts. The increasing numbers of consumers will increase bargaining power of consumers and at a better position to demand lower selling price of products (Liu, 2013). Liu (2013) and Gao (2014) found that low price positively influenced consumers' OGB purchase intention. According to Wang (2012), the importance of price as the key factors influencing consumers reuse behavior and revisit the website to make purchases. From this study, the finding was similar to the past studies that price had positive relationship with consumers' repurchase intention on OGB websites (Wang, 2012).

While confirming trust and convenience as the first two key factors, Hà Nam and Nguyễn (2013) also proved price factor had positive relationship with Vietnamese consumers' purchase intention of Groupon, which was the third key factor. Pi et al. (2011) studied the factors affecting Taiwanese' OGB behavior in terms of social, psychological, and economic perspectives. Under economic perspectives, price consciousness and demand externality could influenced OGB intention but price sensitivity exerted insignificant effect (Pi et al., 2011). Price consciousness led to consumers' intention in choosing OGB websites that offered lower prices (Pi et al., 2011). The researchers argued that consumers were not eager to search for the lowest price (which shows insignificant effect of price sensitivity) due to OGB websites being commonly known to provide relatively low prices than other e-commerce websites (Pi et al., 2011). Asil and Ozen (2014) conducted a research showing a relationship between four types of price-related consumer behavior and purchase decision on OGB websites in Turkey. Interestingly, price maven and coupon enthusiasts' consumers were more interested to buy from OGB websites

but price conscious and sale prone consumers were less interested to buy from OGB websites (Asil & Ozen, 2014).

He, Chan, and Tse (2008) questioned the relationship between consumers' satisfaction and repurchase intention towards price tolerance. They were investigating the impact of price increase or decrease towards consumers' level of satisfaction and repurchase intention (He et al., 2008). The result showed that most satisfied consumers still prefer lower price offer and less satisfied consumers will require special price or discounts given (He et al., 2008). Hence, this study found a decrease in pricing will increase consumers' repurchase intention (He et al., 2008). However, a finding from Homburg, Hoyer, and Koschate (2005) showed high consumers' satisfaction tend to have higher toleration on price increase.

The study from Zhang, Zhang, Wang, Law, and Li (2013) investigated determinants affecting the effectiveness of OGB websites in the restaurant industry. As expected, lower pricing influenced the increasing number of consumers using OGB websites and the result reflected price conscious consumers as the main reason to shop and purchase at OGB websites which offers discount price. Studies done by Su et al. (2009), and Li and Hong (2013) showed similar results that price concern positively affected the decision making of prior experience shopper in online shopping experience. Lin, Wu, and Chang (2011) focused on five variables to study the impacts on online consumers' satisfaction. Majority of the participants had more than one year of online purchase experience, participants paid more emphasis on delivery and product quality but perceived price hypotheses was also supported (Lin et al., 2011).

Hasslinger et al. (2007) had conducted a research on online purchase behavior by examining three factors (price, trust, and convenience) and

three types of consumers' behavior (high spenders, price easers, and bargain seekers). Price was proven to be the main factor influencing online purchase behavior (Hasslinger et al., 2007). While *high spenders* emphasized on trust, *price easers and bargain seekers* were more eager to seek for low price (Hasslinger et al., 2007). In the research about the impact of eWOM and pricing to online purchase behavior, Fagerstrøm and Ghinea (2011) concluded the influence of pricing were highest when there is significant price differences between offer price and market price. In addition, the more frequent consumers purchased online, the greater the effect of pricing on online purchase (Fagerstrøm & Ghinea, 2011). Study conducted by Meenakshi and Jashandeep (2013) focused on youngsters trust perception in online shopping, prices as the fifth highest contributor in online shopping after privacy of the information or security, delivery time, guarantees and warranties, and reputation of the company. In Korea, Koreans are one of the top social network services users and increasingly significance of online purchase intention made via social commerce (Sohn & Kim, 2012). Sohn and Kim (2012) study showed high significance in low pricing as the purchase intention motivator for the Koreans. Studies of Dumpe and Peterson (2011), Lui (2012), and Nazir, Tayyab, Sajid, Rashid, and Javed (2012) confirmed price factor directly influence consumers' online shopping intention in context of Latvia, Hong Kong, and Pakistan, respectively. Further, price also exerted indirect effect to repurchase intention (Lui, 2012). The greater discount offer, the greater their purchase intention (Dumpe & Peterson, 2011). Price especially influenced consumers' purchase decision on OGB websites and even enticed impulsive purchase (Dumpe & Peterson, 2011).

Morris and Maglio (2001) specifically took airline tickets to study online purchase behavior and concluded pricing as one of the crucial factors that influenced online purchase decision. Consumers would compromise to gain in lower price if they valued pricing as the most important in relative to other requirements (Morris & Maglio, 2001). In the study of

Escobar-Rodríguez and Carvajal-Trujillo (2013), the researchers investigated the factors causing consumers choice to online purchase airline tickets. The main contributors were habit, price saving, performance expectancy, and facilitating conditions (Escobar-Rodríguez & Carvajal-Trujillo, 2013). Price saving or lower airline ticket pricing did play a direct role of repurchases using the same website (Escobar-Rodríguez & Carvajal-Trujillo, 2013). Since all the past studies found low price to be a contributing factors to online repurchase intention, hence, the hypothesis was formed as below:

**H2: There is positive relationship between low price and repurchase intention.**

### **2.5.3 Prior Experience**

According to Wen, Prybutok, and Xu (2011), consumers' satisfaction were derived from prior experience, therefore satisfaction played a role in determining consumers repurchase intention. Consumers who had favorable past experience tend to have higher satisfaction that leads to repurchase intention. Hence, many researchers tend to use satisfaction as an indicator to test consumers' repurchases intention (Khalifa & Liu, 2007; Wen et al., 2011). Atcharyachanvanich, Okada, and Sonehara (2006) found that satisfaction had highest impact on consumers' online repurchase intention, followed by perceived usefulness, consumer loyalty, and perceived incentives. Meanwhile, Tsai and Huang (2007), and Fang, Chiu, and Wang (2011) also gained similar results, which were there was positive relationship between satisfactions and online repurchase intentions.

J. I. Kim, Lee, and Kim (2004) revealed online shopping experience directly led to online purchase intention. Besides, online shopping experiences also indirectly led to online search intention and in turn influenced online purchase intention (H. W. Kim et al., 2004). Myers and Ogunc (2008) further confirmed prior experience influenced online shopping attitude and online purchase intention. Likewise, Dai et al., (2014) found that online shopping experience directly and significantly influenced consumers' online purchase intention. Generally, numerous past studies had showed significant influence of prior experience to online purchase intention regardless of the context of countries and products. For instances, Park, Ekinici, and Cobanoglu (2002) found that personal involvement, attitudes, and prior experience significantly influenced online purchase intention from vacation websites. Similarly, Yoh, Damhorst, Sapp, and Laczniak (2003) proved prior experience exerted greatest effect on consumers' online apparel purchase intention as compared to other variables examined in the study. Then, in terms of online bookstore, Lee, Huang, Chang, and Chen (2009) also indicated that online shopping experiences were the strongest factor leading to online purchase intention in relative to product perception, service quality, and perceived risk. In terms of medicaments in Czech Republic market, prior experience still affects consumers' online purchase intention (Svorc, 2012). In Malaysia, Imhmed Mohmed, Azizan, and Jali (2013) examined there were direct relationship between trust, prior experience, social presence, and online purchase intention. Trust was the most important factor, followed by prior experience and social presence (Imhmed Mohmed et al., 2013). Prior experience also played a role in helping Latvian consumers to make online purchase decision (Dumpe & Peterson, 2011).

Surprisingly, Hà Nam and Nguyễn (2013) examined that there was lack of positive relationship between online shopping experiences in Vietnamese consumers' purchase intention of Groupon. The researchers explained this might be due to the Groupon website being simple to use whereby

consumers were only required to provide simple personal details (Hà Nam & Nguyễn, 2013). Leelayouthayotin (2004) conducted a research about online health food purchase intention in Thailand and obtained a different result that showed prior experience only exerted indirect influence on online purchase intention rather than direct influence. On the other hand, Soopramanien (2011) indicated that there were both direct and indirect relationship between online shopping experience and future purchase intention. The more experience the consumers possessed, the higher their intention to purchase through online channels (Soopramanien, 2011). Experience also contributed as significant impact to lower consumers' scepticism and risk aversion, which indirectly led to heighten their intention to purchase through online channels (Soopramanien, 2011).

The research done by Wong and Chau (2013) on OGB repurchase intention revealed experience affects satisfaction and subsequently contributed to repurchase intention. Khalifa and Liu (2007) found that both habit and experience played a mediating effect between satisfactions and repurchase intention. Lin and Lekhawipat (2014) proved that prior experience contributed to satisfaction, expectations, and subsequently led to higher repurchase intention. According to the study of Ranganathan and Jha (2007), the association between previous online shopping experience and purchase intention were highest as compared to variables such as consumers concerns, website quality, and computer self-efficacy. Furthermore, the study of Weisberg et al. (2011) also proved that consumers who possessed prior online buying experience led to the increase in the subsequent purchase intentions. Apart from impulse purchase intention, quality orientation, brand orientation, and trust, Kwek et al. (2010) showed that consumers' purchase experience in the past had direct relationship with purchase intention. Based on most of the past studies showing positive relationship, we hypothesized as below:

**H3: There is positive relationship between prior experience and repurchase intention.**

#### **2.5.4 Website Reputation**

As Groupon is an online based company (McHale & Garulay, 2012), the website can represent the company itself. It is crucial for the company to be aware from being hurt by unfavorable online reputation (Conner, 2014). The research of Dolat Abadi, Amirosadat Hafshejani, and Zadeh (2011) showed company reputation could influence consumers' online purchase intention. Yen and Lu (2008) studied on the factors influencing online auction repurchase intention showed that a seller's reputation and service quality had a significant relationship with disconfirmation. This indicated that a seller's reputation will have an impact on the repurchase intention of consumers in the online auction website (Yen & Lu, 2007). Shan, Hua, and Zeng (2010) had analyzed the effect of perceived benefit and perceived risk on consumers' online purchase intention. Online reputation can influence consumers' perceived risk and indirectly influence their purchase intention (Shan et al., 2010). Tai, Chien, and Lin (2013) found that reputation directly influenced online purchase intention and perceived trust can mediate the effect of reputation on purchase intention.

Shiau and Luo (2012) also investigated the factors affecting OGB intention and satisfaction from a social theory perspective. The study focused on investigating the factors that determined a consumer's continuous intention in OGB websites (Shiau & Luo, 2012). The research yielded results that reputation and trust had significant effects on consumers' satisfaction (Shiau & Luo, 2012). Chiu et al. (2009) also determined a positive

relationship existed between trust and perceived usefulness, hence leading to repurchase intention among consumers. This supported the relationship that satisfaction had a strong influence on consumers' intention to engage in OGB activities. Shahrokh, Oveisi, and Timasi (2013) also studied the effect of consumers' loyalty on repurchase intention in business-to-consumer (B2C) e-commerce. The results indicated that perceived vendors reputation significantly affected the online relationship quality, hence the consumers' loyalty. When consumers are loyal, they are most likely to possess the online repurchase intention.

Cheng and Huang (2013) also explored the antecedents and consequence of OGB intention from the perspective of theory of planned behavior. The research indicated that structural embeddedness, which included both reputation and trust had a positive relationship towards intention, which ultimately determined the behavior of consumers. Numerous studies showed an indirect relationship between website reputation and purchase intention. When studied about online repurchase intention in Malaysian context, Lee and Eze (2011) gained a positive relationship between firm reputations and repurchase intention. Hsu, Chang, Chu, and Lee (2014) included DeLone and McLean IS success model and trust to study about repurchase intention of consumers on OGB websites. The researchers found that website reputation influenced trust in website, satisfaction and indirectly influenced consumers' repurchase intention (Hsu et al., 2014). Kim, Ferrin, and Rao (2008) also found out a significant but indirect effect of website reputation to purchase intention with trust as the mediating factor. Further, Mohammed, and Alkubise (2012) showed website reputation exerted influence on online advertisement and indirectly influenced consumers' purchase intention. By combining website reputation, product information, and product price under the variable of product quality information, product quality information had indirect relationship with consumers' purchase intention (Tsai & Yeh, 2010). Past



studies showed that website reputation had direct relationship with purchase intention, hence the hypothesis was formed as below:

**H4: There is positive relationship between website reputation and repurchase intention.**

### **2.5.5 Website Usability**

Website usability had become an increasingly important criterion for e-commerce businesses in order to ensure productive online transactions and success of business (Choi et al., 2003; Muhtaseb, Lakiotaki, & Matsatsinis, 2012). Poor designed website that are not user-oriented would make the users feel disappointed and this leading to a challenge of obtaining the confidence of users to return to the websites (Abram, Maloney-Krichmar, & Preece, 2004; Muhtaseb et al., 2012). Zhang et al. (2011) investigated the repurchase behavior in B2C e-commerce from a relationship quality perspective. The results of the study showed that relationship quality was positively influenced by website usability (Zhang et al., 2011). Further results also showed that relationship quality had a positive relationship with consumers repurchase intention (Zhang et al., 2011). Bai, Law, and Wen (2008) studied the relationship between website quality, consumers' satisfaction, and consumers purchase intention in the context of Chinese online visitors. With satisfaction as a mediating factor, the results indicated that the relationship between website usability and repurchase intention was still significant (Bai et al., 2008). Lee and Kozar (2012) had confirmed the direct and indirect influence of several constructs of website usability on purchase intention, such as supportability, simplicity, consistency, interactivity, learnability,

navigability, readability, telepresence, content relevance, and credibility. Wong and Chau (2013) investigated website usability positively influenced trustworthiness and satisfaction and indirectly affected consumers' repurchase intention on OGB websites.

Both Mohd Sam and Tahir (2009), and Y. F. Chan (2013) had done a research on air ticket purchase intention. Mohd Sam and Tahir (2009) had obtained a positive result for relationship between consumers' online buying intention on air ticket and six elements of website quality, which included usability, website design, information quality, trust, perceived risk, and empathy. Similarly, Y. F. Chan (2013) examined that the purchase intention of foreign students who studied in Malaysia universities on airline e-ticketing was significantly correlated with website usability and website personalization. Karim (2011) examined that website usability, website design, website usefulness, and reliability were significantly influencing online consumers' satisfaction. Website usability also had significant relationship with consumers' satisfaction in terms of e-banking services (Casaló, Flavián, & Guinalú, 2008).

Referring to study of Atcharyachanvanich, Okada, and Sonehara (2007) in online purchase and repurchase intention of Japanese, website usability significantly enhanced both perceived ease of use and perceived usefulness. Furthermore, both perceived value strengthened consumers' online attitude, purchase intention, actual purchase, and repurchase intention (Atcharyachanvanich et al., 2007). Beneke, Scheffer, and Du (2010) obtained a result that showed website quality and usability were significantly influenced by OGB intention of South Africans. By focusing on two dimensions, visual characteristics (including design and structure characteristic) and information characteristics (including contents and navigation), Lee (2014) studied the effect of website usability on consumers' confidence and purchase intention on social commerce sites.

Lee (2010) found that both visual characteristics and information characteristics of website usability enhanced consumers' confidence and subsequently contributed to their purchase intention.

Surprisingly, while websites content did affect consumers' intention to use website, however there was lack of direct relationship between website usability and consumers' intention to use website in the context of online C2C auction (Abdelghaffar & Moustafa, 2012). Although website usability and website functionality could influence consumers' online purchase intention, however both variables carried less weight when compared with payment security, website reputation, and price in a research about Hong Kong residents' online buying intention and their views on travel websites (Qi et al., 2010).

Wang and Senecal (2007) conducted a study measuring the *perceived website usability*, defined as consumers' anticipation on computer system' usability before and after experience it. In the study, a multi-dimensional scale which measured the impact of ease of navigation, speed, and interactivity towards website usability (Wang & Senecal, 2007). Results indicated that there was a positive relationship between them (Wang & Senecal, 2007). Al-maghrabi et al. (2011) also studied the determinants of consumers' continuance intention of online shopping. In the study, *site quality* was shown to be strong determinant of a *website's perceived usefulness*. Wen et al. (2011) investigation for an integrated model for consumers' online repurchase intention also found that *perceived usefulness* of an e-commerce website had a positive effect on consumers online repurchase intention. When a consumer's perceived usefulness towards a website was high, there was a higher continuance intention among consumers to purchase from online vendors (Wen et al., 2011). Hence, there was a positive relationship that existed between site quality and continuance intention in online shopping (Al-maghrabi et al., 2011;

Wen et al., 2011). Referring to majority of the past studies showing there were direct and indirect relationships between website usability and repurchase intention, the proposed hypothesis was as below:

**H5: There is positive relationship between website usability and repurchase intention.**

## **2.6 Summary of Hypotheses for the Study**

H<sub>1</sub>: There is positive relationship between eWOM and repurchase intention.

H<sub>2</sub>: There is positive relationship between low price and repurchase intention.

H<sub>3</sub>: There is positive relationship between prior experience and repurchase intention.

H<sub>4</sub>: There is positive relationship between website reputation and repurchase intention.

H<sub>5</sub>: There is positive relationship between website usability and repurchase intention.

## **2.7 Conclusion**

This chapter discussed the background and gave an insight on OGB. Through the research on past studies, we had reviewed two relevant conceptual frameworks for

our study. From conceptual frameworks as the foundation, five suitable independent variables had been identified namely eWOM, low price, prior experience, website reputation, and website usability which influenced consumers' repurchase intention of Groupon. Based on literature review, we were able to find more past studies supporting the independent variables we had chosen. Thus, a proposed theoretical framework and several hypotheses were formed. In the following chapter, methodology on the procedure conducting this research will be focused.

## CHAPTER 3: METHODOLOGY

### 3.0 Introduction

This chapter outlined the research methodologies applied to conduct the whole study. This could guide us in following a systematic procedure to identify the eligible respondents, design sampling methods, construct questionnaires, collect, and analyze data. Hence, we were able to conduct the study in an organized way that was specifically directed to the research objectives, research questions, and hypotheses. It was an essential part to help study the relationship between eWOM, low price, prior experience, website reputation, website usability, and repurchase intention of Groupon's consumers. This chapter consists of several sections, which are research design, data collection methods, sampling design, research instruments, construct measurements, origin and measurement of constructs, data processing, and data analysis.

### 3.1 Research Design

According to Zikmund, Babin, Carr, and Griffin (2010), *research design* is an overall plan that includes methods and processes to gather and interpret the data. Parahoo (2014) indicated research design includes explanation about approaches applied to collect and analyze data and also time frame, location, and source to obtain data. It show the consideration, belief, strategies, and reasoning for researchers to apply a particular research method (Parahoo, 2014). Research design acted as a guide for us to gain information that are related to research

question and hypotheses in order to conduct the research in a better way (Hair, Money, Samouel, & Page, 2007).

*Quantitative research* refers to the study that adopts structured questions that provide response options for respondents to choose and are collected in big sample size (Burns & Bush, 2003). Harwell (2011) indicated that quantitative research is related to deductive reasoning, which includes specific experiments on hypotheses that provide generalized assumption for the features of a population. Test and survey are the common tools used to obtain data required and probability theory is normally applied to examine statistical hypotheses (Harwell, 2011). The relationship between variables can be tested with measurable constructs (Nykiel, 2007). Therefore, it allowed the researchers to gain generalized results that are suitable for future research in other contexts (Zikmund et al., 2010). This research was aimed to examine how eWOM, low price, prior experience, website reputation, and website usability influenced the repurchase intention of consumers on Groupon. In order to gain measurable results about consumers' behavior (repurchase intention) and attitude with five independent variables, structured questionnaires and statistical analysis methods were used to explain the data in a measureable form. Furthermore, this data can be used to analyze the characteristics of consumers who were more likely to repurchase from Groupon. There are three types of research design, which include exploratory research, descriptive research, and causal research (Zikmund et al., 2010).

### **3.1.1 Descriptive Research**

*Descriptive research* provides an overall explanation about characteristics of population to answer the question of who, what, where, when, and how (Zikmund et al., 2010). Descriptive research is important to: (1) explain

the features of target respondents; (2) predict the amount of people who might show a certain behavior; (3) understand attitude towards product attributes; (4) study association between marketing variables; and (5) forecast market environments (Malhotra, 2010). The researchers obtained past studies and further extended the studies more specifically for a particular phenomenon (Zikmund et al., 2010). An organized research was prepared for the purpose of testing and confirming the hypotheses to answer the research questions (Hair et al., 2007). Theories and concepts from past studies formed hypotheses that can serve as foundation to measure the variables in future researches (Hair et al., 2007). Descriptive research in this study could provide an understanding about the characteristics of consumers who had purchased from Groupon. Moreover, this research provided explanation about consumers' repurchase intention of Groupon, eWOM, low price, prior experience, website reputation, and website usability. According to Hair et al. (2007), descriptive research can be done either through observation, interview, or questionnaire that consists of structured questions. This research adopted survey method which was prepared with standardized questions and measurement scales. Furthermore, according to Hair et al. (2007), descriptive research is divided into cross-sectional and longitudinal studies. This research was considered *cross-sectional study* because it was conducted for a single time without continuous long term research (Hair, Celsi, Money, Samouel, & Page, 2011). Sample surveys are suitable for cross-sectional study because they summarize the characteristics of the population (Hair et al., 2011). Therefore, a set of questionnaire was adopted from several past studies to conduct a survey specifically for this research within a single period, which was to study the factors that influenced consumers' willingness to repurchase from Groupon.



### **3.1.2 Causal Research**

Besides, causal research was also a part of this research. According to Zikmund et al. (2010), *causal research* is able to recognize the possible factors which are used to find out *cause-and-effect connection* of the variables. Different variables can be manipulated to test the causal relationships of variables in order to form an explanation for a situation (Malhotra, 2010). This research mainly applied causal research to examine the relationship between the five independent variables (eWOM, low price, prior experience, web usability, and website reputation) with the dependent variable (repurchase intention of consumers of Groupon).

## **3.2 Data Collection Methods**

Data collection involve the use of certain approaches to collect, prepare, and applied information necessary as the basis for research topic, literature reviews, questionnaire design, survey methods, guideline for data analysis, and supporting facts for statistical results. Primary data and secondary data were collected as foundation of research and analysis. Moreover, both types of data were important to identify and answer the hypotheses and research questions.

### 3.2.1 Primary Data

*Primary data* is new data that is collected by the researchers for the first time in raw form (Kothari, 2004), which is designed specifically for the ongoing research project (Zikmund et al., 2010). Primary data include observation, interview, questionnaire, and others (Kothari, 2004). *Questionnaire* is a set of predetermined questions to collect respondents' information related to the research topic (Hair et al., 2007). This research used the questionnaire approach because it was cost efficiency, convenient in approaching respondents, and larger samples with more accuracy (Kothari, 2004). Furthermore, it can provide results that were more appropriate for the study of research problems as stated in Chapter 1 (Wegner, 2007). Questionnaire allowed us to collect relevant data with the research topic as the questionnaire items were customized to study consumers' behavior in the context of Malaysia. Questionnaire was distributed in two methods, online softcopy and hardcopy depending on the reachability of the respondents. Questionnaire with short sentences and clear arrangement were prepared to facilitate respondents to answer without hassle and with lesser time consumption. In addition, it was also important to increase their willingness to ponder and show feelings that were more accurate when answering the questionnaire.

### 3.2.2 Secondary Data

*Secondary data* refers to data that was collected by past researchers (Kothari, 2004). Secondary data include journals, books, magazines, newspapers, reports, and others (Kothari, 2004). Various types of information such as journals, books, newspapers, reports, articles,

statistics, and other information from websites were used as references in this research. Online databases such as Emerald, ProQuest, Science Direct, EBSCOhost, IEEE Xplore, and others were also used in this research. It was necessary for us to refer to information that is updated, relevant, and accurate to support the research.

Secondary data is used as supporting evidences for facts, consumers' behavior, trend, and market situations (Zikmund et al., 2010). In this research, information from various sources was adopted as basis for literature review, theoretical understanding, background study, and trend of OGB in Malaysia.

The advantages of secondary data are cost saving, time effectiveness, and potential new insight (Hair et al., 2011). The data also facilitated us to obtain information, identify research questions, and direct the research on a larger scale (Collins, 2010). According to Collins (2010), secondary data provided good quality information that helped to study similar research in the context of other countries whereby it can be applied in other researches. Besides, secondary data could be used as reference to prepares questionnaires because it had been validated by past researchers (Schwab, 2004). Questionnaire items in this research were adopted from numerous past studies to facilitate us to collect data relevant to the research objectives. In addition, theoretical explanations and researchers outcomes from past studies were applied to form hypotheses, develop research procedures, and explain the research findings.

### 3.3 Sampling Design

*Sampling* relates to the process of reasoning and making general judgments by referring to measurement of a subset in a population (Zikmund et al., 2010). High quality sample will allow us to predict the characteristic of consumers in a population compared to poor quality samples that failed to make good judgments on the population (Zikmund et al., 2010). Strategies involved in how to approach the target respondents effectively based on characteristics of the respondents, location, sampling techniques, sampling size, and other logical alternatives to choose the eligible respondents.

#### 3.3.1 Target Population

*Target population* is the sources of respondents that help researchers obtain data that is related to the research (Malhotra & Peterson, 2006). With repurchase intention as the dependent variable, the target population in this study was respondents who had purchased from Groupon. Hence, anyone who fulfilled these criteria was the *eligible respondents*, regardless of other criteria such as age and income level. As it was impractical to collect data from the whole population and the difficulty to approach all Groupon's consumers, this study drew a conclusion about the characteristics of Groupon's consumers based on the samples collected.

### 3.3.2 Sampling Frame and Sampling Location

*Sampling frame* is a list of the respondents that have eligible elements to be chosen to do the survey (Zikmund et al., 2010). Sampling frame was *not applicable* in this research due to the *non-probability sampling techniques* adopted in this research. The survey was conducted through both online and hardcopy distribution. A total of 535 questionnaires were returned, of which only 287 questionnaires were usable. The other 248 questionnaires were rejected because of missing data, *extreme bias*, non-consumers of Groupon, and declination to accept Personal Data Protection Act 2010 (PDPA 2010). Majority of the questionnaires were collected through online channels while only a small amount of questionnaires were from hardcopies. We distributed hardcopy questionnaires to respondents as we coincidentally met suitable respondents. Besides, the respondents were able to answer the online questionnaires without restriction of locations. Hence, as long as it was within Malaysia, there was no specific *sampling location* whereby the survey can be conducted at any place depending on convenience to approach the respondents.

### 3.3.3 Sampling Elements

As this research was aimed to study the repurchase intention of Groupon's consumers, the respondents who have purchased from Groupon were the eligible respondents, regardless of other demographic criteria. Students who obtained pocket money from parents or adults who earned their own income were eligible to be our respondents as long as they had previously purchased from Groupon. Furthermore, the targeted respondents were

expected to have basic understanding in simple English because the questionnaire was written in English.

According to *Malaysia Communications and Multimedia Commission (MCMC)* (2014), the highest percentage of Internet users in Malaysia were users under the age group of 20 to 24 years (21.40%), followed by 25 to 29 years (20.30%), 15 to 19 years (14.20%), 30 to 34 years (13.90%), 35 to 39 years (9.20%), 40 to 44 years (7%), 50 years and above (6.60 %), 45 to 49 years (5.20%), and 15 years and below (2.30%). Hence, the online survey can approach target respondents within the age range of below 18 to 50 years and above. We tried to distribute according to the demographic profile of different ethnic groups in Malaysia which included Malay, Chinese, Indian, and others.

Table 3.1: Household Use of the Internet by Age Category

Age Category	2012
Under 15	2.3
15 – 19	14.2
20 – 24	21.4
25 – 29	20.3
30 – 34	13.9
35 – 39	9.2
40 – 44	7.0
45 – 49	5.2
50 and above	6.6

Source: Malaysia Communications and Multimedia Commission (2014). *Communications and multimedia: Pocket book of statistics Q1 2014*. Cyberjaya, Malaysia: Author.

### 3.3.4 Sampling Technique

There are two sampling methods, which are probability sampling and non-probability sampling. This research applied non-probability sampling method. *Non-probability sampling* is a sampling technique whereby the researchers choose the unit of the sample based on convenience and personal judgment (Zikmund et al., 2010).

This research applied convenience, judgment, and snowball sampling. *Convenience sampling* refers to the non-probability sampling method that approaches the respondents that are conveniently available (Zikmund et al., 2010). The researchers were able to gain the benefit of cost savings and faster in collection of data from a large number of respondents (Zikmund et al., 2010). We approached any respondent through online methods or physically distributed the questionnaires depending on the reachability of respondents. This method can increase the probability to approach them successfully.

Next, *judgment sampling* was used to judge and select anyone who might be the eligible respondents that fulfilled the criteria of the samples (Zikmund et al., 2010). This research approached respondents who had used the Internet by inferring that they might have online purchase experience and to further determine the eligible respondents who had purchase experience of Groupon. Then, we approached anyone who had online purchase experience to determine whether the prospective respondents have purchase experience of Groupon. We had tried to send survey invitation letter through online channels to invite respondents to conduct the survey. Respondents who were not eligible were filtered with screening questions in Section A of the questionnaire.

*Snowball sampling* allows us to collect more data through the initial respondents giving the information of other respondents (Zikmund et al., 2010). This research requested the respondents to recommend other eligible respondents or help to spread the online survey link or distribute the hardcopy questionnaires to suitable acquaintances such as families, friends, neighbors, and colleagues. Besides, some non-respondents also recommended other eligible respondents to complete the survey.

### **3.3.5 Sampling Size**

*Sample size* is the total number of respondents or targets to be studied in the research (Malhotra & Peterson, 2006). Newman and McNeil (1998) indicated that the bigger the sample size, the *lesser the sampling error* and the higher chance it represents the population. According to Roscoe (1975), the ideal sample sizes are more than 30 and less than 500. Hence, we had fulfilled the rule of thumb since this research had successfully obtained a total of 287 respondents' data that were collected through both online and hardcopy questionnaires.

## **3.4 Research Instrument**

This research used *questionnaire* as research instrument to collect primary data from respondents, who had prior purchase experience of Groupon. *Self-administered questionnaire*, a survey involving the respondents to interpret and answer the questionnaire on their own (Zikmund et al., 2010). In addition,



using questionnaire as the main research instrument provided the advantages of time saving, cost effectiveness, and the ability to collect more data in limited time (Cargan, 2007). Standardization of questionnaire can increase validity of the results and the anonymity of survey can encourage respondents to answer the questionnaire truthfully (Cargan, 2007). By adopting constructs from past studies, the questionnaire was developed and further modified after conducting a pilot test. The data collected were further processed and analyzed to produce useful information to explain the research hypotheses. As this study was aimed to study consumers' repurchase intention in Malaysia context, it was crucial to collect data from local consumers in order to gain information specific to this research topic.

According to Hair et al. (2007), there are five steps to design a complete set of questionnaire: (1) development of research problem, research objective, sampling design, and data collection method; (2) consideration of concepts, variables, and measurement scale; (3) adoption of question items from past studies and arrange the structure, layout, and wording of the questionnaire; (4) pilot test and amendment of questionnaire; and (5) decide due date, data processing method, and conduct survey.

### **3.4.1 Questionnaire Design**

The questionnaire was constructed using English because it was easier to communicate with respondents of different ethnic groups. *Fixed-alternative questions* were used to facilitate the respondents to provide their answers easier and faster (Zikmund et al., 2010). Fixed-alternative questions allowed the researchers to know in which category the respondents came from, how strongly they supported a view, or how likely they will carry out a particular action (Mitchell & Jolley,

2013). The questionnaire consisted of a cover letter and three sections. The *cover letter* with brief introduction of research and purposes of conducting the survey was attached on the first page of questionnaire. Under the *PDPA 2010*, it is compulsory to protect personal information (e.g. name, identity card, banking information, and consumers' opinion) that was collected from owners' data (Azizan, 2014). As this research was conducted for academic purposes, we were also required to obtain the consent of respondents when collecting data from them (Universiti Tunku Abdul Rahman, 2014). Therefore, the cover letter included a column for respondents to agree on providing the personal data for this study. A statement was prepared for respondents to show their consent either by a click "Yes" or "No" on online survey or through signature on hardcopy questionnaire. The questionnaire maintained anonymity without the provision of name and identity card of respondents. However personal data such as age, income, and ethnic group were required in Section C for descriptive analysis. Incentives were not provided and the respondents answered the questionnaire on a voluntarily basis. The questionnaire of this research can be completed by the respondents within 10 to 15 minutes.

*Section A* was designed to understand the respondents' purchasing behavior on OGB websites. Appendix A shows example of each type of fixed-alternative questions being applied in Section A. This section consist six questions. *Simple-dichotomy (dichotomous) question* only had two options and the respondents were required to only choose one. *Filter question* were included in the questionnaire to screen out respondents who were not qualified to answer subsequent questions (Zikmund et al., 2010). This study is intended to study consumers' repurchase intention of Groupon. Hence, the first two questions applied for screening or filtering purpose (refer to Appendix H), to find the right respondents (who had prior purchase experience of Groupon) in continuing the survey and providing relevant data. Besides, *frequency-determinant question* was to examine the number of repetition of an activity, this was applied to

determine the respondents number of repurchase in a given period. **Checklist question** listed numerous answers and respondents were allowed to select more than one answer. This was applied for example, question on types of deals purchased in Groupon.

**Section B** was designed to study the respondents' response on five independent variables (eWOM, prior experience, low price, website usability, and website reputation) and their repurchase intention of Groupon. This section was very crucial to collect the data needed to study the factors that influenced consumers' repurchase intention of Groupon and relationship between variables. The **seven-point Likert Scale** used in this study had seven categories from "strongly disagree" to "strongly agree" as shown in Table 3.2 below. For convenience and ease of use for respondents, each category was represented by number from 1 as the lowest or "strongly disagree" to 7 as the highest or "strongly agree".

Table 3.2: Level of Agreement

Category	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
Point	1	2	3	4	5	6	7

Adapted from: Vagias, Wade M. (2006). *Likert-type scale response anchors*.

Finally, **Section C** was designed to obtain the basic demographic information of the respondents. Simple-dichotomy (dichotomous) question was used to ask questions such as gender. **Determinant-choice question** provided multiple answers and respondents were allowed to give one answer. This was applied in age group, marital status, ethnic group,

education level, profession, and income level. This section helped us to identify and analyze the frequency or percentage of each questionnaire items in this section. A copy of questionnaire was included in Appendix H.

### **3.4.2 Survey Method**

In order to increase the probability of obtaining eligible respondents, *mixed-mode survey* was conducted with both online and paper questionnaire. Referring to Zikmund et al. (2010), online survey can overcome the time and geographic limitation since respondents were able to access Internet anytime and anywhere. Further, online survey provided the benefits of obtaining responses from some respondents who were difficult to approach (Zikmund et al., 2010). While we requested acquaintances and respondents to recommend other respondents, there were difficulties in collecting sufficient amount of target respondents and approach some respondents who were in far distance location. Hence, online survey was easier to approach respondents located in different areas in Malaysia. *Google Documents* was the main survey tool to collect data from the respondents. Online survey also reduced the possible errors during transfer of data from hardcopy questionnaires to electronic form because the data were immediately saved in electronic form (Hair et al., 2007). According to Zikmund et al. (2010), e-mail surveys had the benefits of faster dissemination and response time, cost saving, flexibility, and paper usage reduction. Malaysian-related forums (e.g. Lowyat.net and Cari.com), social medias (e.g. Facebook and Twitter), and e-mails were the channels used to distribute the survey invitation statements that were included in the hyperlink of Google Documents. Facebook and Twitter were channels that allowed us to approach acquaintances more easily

while e-mail was a channel to approach other respondents in a more formal way.

In order to avoid the problem of multiple submissions from same individuals (Rogelberg, Church, Waclawski, & Stanton, 2002), when the respondents had completed the survey through hardcopy questionnaire, we will not send the hyperlink of the online survey to the same respondents, and vice versa. Besides, we sent majority of the online survey hyperlink on one-to-one basis and to a limited group of online groups. Respondents were invited to do the survey on voluntary basis. Finalized questionnaire were distributed after going through the necessary modification according to pilot test. The *actual survey* was conducted from 16 August 2014 until 30 September 2014, which took about one and a half month. There was a set of hardcopy questionnaires distributed and the hyperlink of softcopy questionnaires were sent through online channels depending on the reachability of the respondents.

### **3.4.3 Pilot Testing**

While parts of the questionnaire were adopted from past studies, some modifications were made to fit the objectives of study. According to Zikmund et al. (2010), *pilot test* is a pretest conducted with a smaller number of respondents that have homogenous characteristics with the actual survey in order to develop a more appropriate survey. The purpose of pilot test was to identify errors and then make necessary amendments on a modified questionnaire in an experimental condition in order to minimize possible risks that will affect the whole study (Kothari, 2004; Zikmund et al., 2010). Pilot test was important to ensure that average respondents can

understand the questionnaire and examined reliability and validity of the questionnaire (Stangor, 2014). This can reduce the errors occurred before the actual questionnaire is distributed to the public. Malhotra (2010) had indicated that it is appropriate to have sample size from 15 to 30 respondents in this test. Hence, this study had conducted a pilot study with 30 respondents.

All 30 respondents participated in this pilot test had previously made purchases from Groupon. The identities of respondents were remained anonymous and they had been informed that they will not be eligible to participate in the actual questionnaire. The pilot test was conducted on 28 July 2014 for one week using *personal interview* method. During the session of pilot test, respondents were interviewed face-to-face on a one-to-one basis to facilitate us in obtaining feedback more effectively. The respondents were more comfortable to raise their concerns and comments on the questionnaire. Hence, changes were made to improve on the questions based on the respondents' feedback as listed in *Appendix B*. Several comments were given on the wording of the questionnaire to suit Malaysia context, the sentence structures and *double barriers* questions. While *Appendix C* shows the questions removed from the questionnaire as the questions were too similar, in poor sentence structures, and irrelevant to the variables. This reduced the original 66 items to 45 items, due to feedback from respondents to reduce the length of questionnaire to increase the willingness of potential respondents to participate.

After collecting the data from 30 respondents, the data were then analyzed and run on SPSS software version 20.0 to test on the reliability of each variable. Value for *Cronbach's alpha* ranges from 0 to 1 and 0.7 is the commonly acceptable threshold (Hair et al., 2007). It was applied to test the reliability of the pilot test. Four variables had excellent reliability which was repurchase intention (0.926), prior experience (0.918), website

reputation (0.939), and website usability (0.959). This indicated that these four variables had excellent association towards consumers repurchase intention of Groupon. While eWOM (0.838) had very good reliability and low price (0.723) only show good reliability. As a conclusion, favorable outcomes were obtained from the reliability test. Table 3.3 is the rules of thumb to analyze Cronbach's alpha value. Table 3.4 shows the summary of the reliability with Cronbach's alpha value.

Table 3.3: Rules of Thumb about Cronbach's Alpha Coefficient Size\*

<b>Alpha Coefficient Range</b>	<b>Strength of Association</b>
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
$\geq 0.9$	Excellent
*If alpha > 0.95, items should be inspected to ensure they measure different aspects of the concept.	

Source: Hair, J. F., Money, A. H., Samouel, P., & Page, M. (2007).

*Research methods for business.* West Sussex, England: John Wiley & Sons.

Table 3.4: Pilot Test Result

Variable	Cronbach's Alpha	Number of Item	Strength
Repurchase Intention	.926	10	Excellent
eWOM	.838	6	Very Good
Low Price	.723	10	Good
Prior Experience	.918	9	Excellent
Website Reputation	.939	9	Excellent
Website Usability	.959	22	Excellent

Source: Developed for the research

## 3.5 Constructs Measurement

### 3.5.1 Origin of Constructs

Table 3.5: Summary of Constructs and Sources

Construct	Source
General Information	Chui (2012); Alexa Ranking (as cited in Adam, 2012); Aishath, Abdul, Mohammad, and Emad (2013)
Repurchase Intention	Wang and Chou (2014); Hsu, Chang, Chu, and Lee (2014); Wong and Chau (2013)
eWOM	Wong and Chau (2013); Liu (2013)
Low Price	Lu (2013); Liu (2013); Hà Nam and



	Nguyễn (2013)
Prior Experience	Wong and Chau (2013); Kwek, Lau, and Tan (2010)
Website Reputation	Hsu, Chang, Chu, and Lee (2014); Wong and Chau (2013)
Website Usability	Wang and Chou (2014); Lu (2013); Wong and Chau (2013)
Demographic Profile	Aishath, Abdul, Mohammad, and Emad (2013)

Source: Developed for the research

Table 3.5 above shows the summary of original constructs adopted from different past literatures and applied in this research. Referring to *Appendix D* is the finalized questionnaire after amendment and where some questions were removed. It was presented according to the sections with constructs (variables) and measurement items (questions). In *Section A* the general information of consumers consisted five items and the first two items were the filter questions, used in order to find only Groupon users to respond in this questionnaire. While the remaining items were used to understand the respondents purchasing behavior. *Section B* consisted of 45 items in total. Repurchase intention with seven items, eWOM with four items, low price with of eight items, prior experience with seven items, eight and eleven items for website reputation, and website usability respectively. These six variables were to examine the relationship and achieve the research project objective: to study the factors influencing consumers' repurchase intention of Groupon. Lastly, for *Section C* no changes were made after the pilot test feedbacks as this section was for the purpose of collecting respondents' demographic profiles. It had seven items.

### 3.5.2 Scale of Measurement

The questionnaire used as a tool to collect data was made up of three sections, which was Section A (general information), Section B (constructs measurement), and Section C (demographic profile). Stevens (1946) introduced scales of measurement and in ascending order, the four categories are nominal, ordinal, interval, and ratio scale.

*Nominal scale* is the least powerful measurement among the four (Stevens, 1946). Its purpose is to name or label an object where order is not important (Stevens, 1946). It can only measure question such as gender, marital status, races, and profession under Section C. *Ordinal scale* is based on order ranking, where the sequence is important (Stevens, 1946). Question such as ranking the top three most visited websites, the first will be the most visited followed by the second and third in descending frequency of visit. Age, academic qualification, and income under Section C are the examples of ordinal scale.

*Interval scale* is used for measuring a range of value without true zero (Stevens, 1946). Likert Scale is considered interval scale in terms of its meaningful comparison and has order where it ranges from strongly disagree to strongly agree (Landers & Nelsen, 2013). Seven-point Likert Scale with alternatives from “strongly disagree” (1) to “strongly agree” (7) used in Section B was to measure how the five independent variables influenced the dependent variable. Last but not least *ratio scale*, the highest measurement scales (Stevens, 1946). Questions with ratio scale can measure all the previous three scales (Stevens, 1946). However, ratio scale was not applied in this study. Nominal, ordinal, and interval scale were used in this study. *Appendix E* summarized the scale of measurement used in each section of the questionnaire.

According to Whitley and Kite (2013), and Zikmund et al. (2010), increase of response point can *increase the sensitivity of the measurement*. As this study is aimed to study consumers' repurchase intention of Groupon, which was related to measurement of human behavioral intention, *seven-point Likert Scale* was used with the belief that this can obtain a more precise answers about consumer behavior. Although researchers argued on pros and cons of both even and odd number Likert Scale, odd number seven-point Likert Scale was used in this study for several reasons. Firstly, although even number Likert Scale can pressure the respondents to indicate their position on a view (Bethlehem & Biffignandi, 2012), however it might lead to less precise data because it forced respondents with no opinions to choose a position which might not be their actual position (by removing the "neutral" option) (Malhotra, 2006). Besides, respondents' feelings were affected when forced to give an answer to even-number Likert Scale (Croasmun & Ostrom, 2011). Hence, odd number seven-point Likert Scale can allow the respondents to choose answers that were more related to their actual view and increase the sensitivity of measurement at the same time.

### **3.6 Data Processing**

*Data processing* involves procedure to process the gathered data, verify, and transcript the data appropriately to prepare the data for further analysis (Singh & Bajpai, 2010). Preliminary plan of data analysis that was formed in research design stage carried out the whole data processing activity, which included questionnaire checking, data editing, data coding, and data transcribing (Malhotra, 2010). According to Malhotra (2010), it was necessary to carry data preparation process when continuing the fieldwork in order to facilitate corrective action for any data deflection. Data preparation was conducted during the data collection

period such as forming the data structure required for recording the data in SPSS software in advance. Then, any questionnaire collected during the survey period was transferred into the software and each respondent was labelled with numbers. Rather than waiting until the end of survey period only all the raw data was recorded, keying in-coming raw data while the survey was still going on helped us saved time and performed data analysis effectively at the end of survey period. This in addition can avoid *data-processing error* by entering small group of answered questionnaires at a time (Zikmund et al., 2010).

### 3.6.1 Questionnaire Checking

After data had been gathered from respondents, we checked on the questionnaires to ensure all items were filled without any part left unanswered. It was important to ensure validity, quality, and completeness of the data (Hair et al., 2007; Malhotra, 2010). After the incomplete questionnaires were taken out, we proceeded to data editing process. According to Malhotra (2010), questionnaires that showed tendency of respondents not understanding the questions, high frequency of neutral answer, or received after the survey deadline might need to be taken out.

### 3.6.2 Data Editing

In order to ensure consistency, we had reviewed the responses obtained and made some amendments such as discarding irrelevant questions and defining the variables. *Editing* involve scrutinizing questionnaires to improve consistency, completeness, and accuracy of the data (Hair et al.,

2007; Malhotra, 2010). For instances, explicit problems in data should be taken out when a respondent who showed inconsistency of consumers behavior with demographic profile (e.g. low income but was able to afford luxurious shopping behavior) (Malhotra, 2010). Corrective actions can be taken when problems were detected in the questionnaire such as missing data or blank response (Hair et al., 2007).

According to Malhotra (2010), there are three ways to deal with *unsatisfactory responses*, which i returning to the field, assigning missing values, or reporting discards. *Firstly*, due to the anonymity of respondents, it was difficult to identify and re-contact the respondents and therefore the method of returning to the field was not applicable in this research. *Secondly*, missing value can only be assigned if: (1) the amount of respondents with unsatisfactory responses is insignificant; (2) amount of unsatisfactory responses in each respondent is insignificant; and (3) unsatisfactory responses are not in the area of important variables (Malhotra, 2010). According to Hair et al. (2007), replacement of mean score to predict the missing value is only suitable for metric variables. However, the data should be discarded when missing value occurred in non-metric variables (Hair et al., 2007). *Thirdly*, the decision to discard the respondents can be done if: (1) there is less than 10% in the proportion of unsatisfactory respondents; (2) sample size is huge enough; (3) there is no significant distinction between unsatisfactory respondents and satisfactory respondents; (4) amount of unsatisfactory responses in each respondent is significant; or (5) unsatisfactory responses were occurred in the important variables (Malhotra, 2010). Questionnaire elimination can be done if there is over 10% missing data from the total responses (Hair et al., 2007).

### **3.6.3 Data Coding**

*Data coding* is performed by assigning a code, usually a number, to each possible response for each question (Malhotra, 2010). The code normally includes an indication of the column position (field) and data record it will occupy. According to Malhotra (2010), structured part of questionnaire can be *pre-coded* and *fixed-field codes* were applied when the researchers used same number of records for each respondents and used same column to record same data for each responded. In this study, we had assigned pre-coded items by using SPSS software. Generally, all the data for a respondent will be stored in a single record, although a number of records may be used for each respondent, such as gender, marital status, race, and so forth. For example, gender of respondents can be coded as '1' to represent male and '2' to represent female. Besides, by referring to Malhotra (2010), this study also used the number of 9 as the standard code for missing data.

### **3.6.4 Data Transcribing**

*Data transcribing* is performed after data coding. In this process, the coded data is transferred from the questionnaires, into computer by key punching (Malhotra, 2010). All the data collected from questionnaires were keyed into SPSS software.

### 3.6.5 Data Cleaning

This process requires the researchers to inspect consistency of data and handle missing responses (Malhotra, 2010; Shukla, 2010). *Missing data* is unanswered response problem commonly happened during data collection or data entry stage and it can reduce the accuracy of the research (Hair et al., 2007). Even though the data had been checked in the editing stage, however, the data need to be scrutinized carefully when the data was changed to electronic form (Malhotra, 2010). Consistency checks involve identification of data that are out of range, inconsistent, or extreme value (Malhotra, 2010). Setting of SPSS software facilitated the researchers in detecting the out-of-range values in data and in turn helped the researchers to locate the edited and coded questionnaire to re-check the right response (Malhotra, 2010). It is crucial to conduct *data cleaning* in an appropriate way because the degree of sensitivity in the procedure chosen to treat the data problems influencing the decision in data cleaning and how to treat outliers (left unchanged, eliminated, or weighted during analysis) and missing data (imputed or not) (Van den Broeck, Argeseanu Cunningham, Eeckels, & Herbst, 2005). However, as the effect of data cleaning varies depending on the procedures progress, Shukla (2010) suggested that researchers should minimize data cleaning work.

## 3.7 Data Analysis

*Data analysis* consists of the process to comprehend the data collected with logical reasoning (Zikmund et al., 2010). The feature of research design, nature of data, and information criteria decided are analytical technique to be applied in the research (Zikmund et al., 2010). Data analysis is crucial to organize,

conduct and report process, and help to answer the research questions (Johnson, 2002). *Statistical techniques* were adopted to illustrate, summarize, assess, and interpret the data in a meaningful way. Results for descriptive analysis, reliability test, and inferential analysis can be obtained by running the software program. IBM SPSS software version 20.0 was used to facilitate us to produce useful information to be interpreted.

### **3.7.1 Descriptive Analysis**

*Descriptive analysis* involves change of data in another form to illustrate fundamental feature such as central tendency, distribution, and variability (Zikmund et al., 2010). Level of scale measurement would affect the type of descriptive statistics used (Zikmund et al., 2010). *Descriptive statistics* is a summary of responses from huge number of respondents, which in turn can help the researchers to predict the population characteristic (Zikmund et al., 2010).

*Frequency distribution* provides a mathematical simplified picture to count the total number of responses connected with various values of one variable in a particular period in terms of percentage (Malhotra, 2010). Frequency of a value of a variable appeared is recorded in the frequency distribution table that contained frequency counts, percentages, and cumulative percentages of values related to the variable (Malhotra, 2010). It does not matter if it is before or after the treatment of missing data is carried out, this table is used to illustrate the counts and percentages for responses of a particular variable (Hair et al., 2007). Outliers or extreme values, missing data, or non-response and mistakes revealed by the table can be corrected with certain alternatives (Hair et al., 2007). Besides



illustrating the shape of distribution and the central tendency, this table is also used as a basis to form histogram or vertical bar chart (Malhotra, 2010). Information such as central tendency (mode, median, and mean), dispersion (range, interquartile range, standard deviation, and coefficient of variation) and shape (skewness and kurtosis) are statistics related to frequencies (Malhotra, 2010).

By converting the raw data into a more understandable form (e.g. graphs and charts), we can gain an overall picture about the respondents for interpretation purposes. In *Section A and C* of the questionnaire, frequency and percentage were used to evaluate the data. However in *Section B*, the test of mean, range, standard deviation, and variance analysis were used to analyze the data. Respondents' demographic details and central tendencies for the variables were presented in the form of graphs, charts, and tables. This information can help us analyze the characteristics of Groupon's consumers and any association with the variables.

*Appendix F* illustrates a brief guideline to choose suitable visuals for descriptive statistics. For instances, nominal scale, ordinal scale, and mode can be summarized using bar chart. Data of interval scale, ratio scale, mean, median, and standard deviation can be presented using histogram.

### **3.7.2 Scale Measurement**

According to Zikmund et al. (2010), high quality measurement should be reliable, valid, and sensitive. *Reliability* is a yardstick to ensure the consistency while *validity* relates to the accuracy of the research (Hair et

al., 2007). A test can be reliable and not valid, but if it is valid, it is necessarily reliable (Jackson, 2012). The more the number of high quality items on scale, the higher the reliability and validity of the scale (Whitley & Kite, 2013). *Sensitivity of measurement* can be increased with the increase of response points or multi-item scales (Whitley & Kite, 2013). This concept is commonly applied in measurement of behavior and self-reports (Whitley & Kite, 2013). Face validity, content validity, criterion validity, construct validity, convergent validity, and discriminant validity are the several aspects involved to examine whether the scale measures the concept that the researchers were supposed to measure (Zikmund et al., 2010).

*Reliability test* is used to test the validity and reliability of the questionnaire to ensure the extent through which the data is free from random error and will therefore yield consistent results even when tested repeatedly (Malhotra, 2010). The scale items in this research were assessed by grouping them in the respective variable groups to compute the Cronbach's coefficient alpha. The assessment of internal consistency reliability of multi-item scales can be done by using Cronbach's coefficient alpha (Bajpai, 2011). The coefficient varies from 0 to 1, and a value of 0.7 is the recommended threshold for the reliability test (Hair et al., 2007). Table 3.3 under section 3.4.3 is the rules of thumb to analyse Cronbach's alpha value. The higher the association between scores collected from various administration of the scale, the more consistent and the more reliable the scale (Malhotra, 2010). SPSS software was used to test the consistency and accuracy of items in independent variables (eWOM, low price, prior experience, website reputation, and website usability) and dependent variable (repurchase intention of Groupon).

### 3.7.3 Inferential Analysis

According to Hair et al. (2007), *inferential statistics* facilitated the researchers in using a portion of sample to predict the characteristic of a population. With appropriate amount of respondents, we can understand more about characteristics of Groupon's consumers and therefore it was more likely for us to infer consumer behavior of population. *Inferential analysis* for this research was carried out with Pearson's correlation analysis and multiple regression analysis.

#### 3.7.3.1 Pearson's Correlation Analysis

*Pearson's correlation analysis* was used to evaluate the strength of association between two metric variables, say X and Y (Hair et al., 2007). This was also used to determine whether a linear or straight-line relationship exists between X and Y. Correlation coefficient ( $r$ ) showed the magnitude and direction of relationship between variables (Schumacker, 2014; Zikmund et al., 2010). The correlation coefficient can range from -1 (representing perfect negative linear correlation) to +1 (representing perfect positive linear correlation) (Hair et al., 2007). Positive sign indicated that the variables rise and drop together in same direction (Jackson, 2012). While negative sign indicated inverse direction between variables, which one variable increase and another variable decrease (Adam & Lawrence, 2014). The lower the number of coefficient correlation, the weaker the relationship between variables (Hair et al., 2007). Zero indicates that no linear relationship exists between the two variables (Hair et al., 2007). Table 3.6 provides a guideline on how to interpret the correlation coefficient.

Although Pearson's correlation showed the associations between variables (either positive or negative and strong or weak), but it did not explain causal relationship between variables (Hatcher, 2003). Pearson correlation was applied to test the association between independent variables (eWOM, low price, prior experience, website reputation, and website usability) and dependent variable (repurchase intention of Groupon). With confidence level of 95%, the null hypothesis is rejected if p-value lower than 0.05 and the null hypothesis is not rejected null hypothesis if p-value is 0.05 or more than 0.05 (Hatcher, 2003; Pfenning, 2011).

Table 3.6: Rules of Thumb about Correlation Coefficient

<b>Coefficient Range</b>	<b>Strength of Association</b>
$\pm 0.91$ to $\pm 1.00$	Very Strong
$\pm 0.71$ to $\pm 0.90$	High
$\pm 0.41$ to $\pm 0.70$	Moderate
$\pm 0.21$ to $\pm 0.40$	Small but definite relationship
$\pm 0.00$ to $\pm 0.20$	Slight, almost negligible

Source: Hair, J. F., Money, A. H., Samouel, P., & Page, M.

(2007). *Research methods for business*. West Sussex, England: John Wiley & Sons.

### 3.7.3.2 Multiple Regression Analysis

*Multiple regressions* refer to regression that measures the relationship between one metric dependent variable and a few metric independent variables (Hair et al., 2007). *Multiple linear regressions (MLR)* revealed the extent to which a set of independent variables contributed to variance in a dependent variable (Punch, 2005). *Multiple coefficient of determination ( $R^2$ )* represent how much does a set of independent variables explains a proportion of the variance in the dependent variable with ranges from 0 to +1.0 (Hair et al., 2007). The higher the value of  $R^2$ , the stronger the relationship between the single dependent variable and a set of independent variables (Hair et al., 2007). MLR also provided information about the degree of importance of each independent variable to variance in a dependent variable (Punch, 2005). Hence, this model allowed us to understand which independent variables will have a higher impact on the dependent variable. We were able to interpret whether: (1) a relationship existed; (2) how strong the relationship was; (3) the relationship was positively or negatively skewed; and (4) what was the best way to describe the relationship.

When a set of independent variables can bring explanation to majority parts of variance in a dependent variable, it helped the researchers to understand most of the factors that explained a phenomenon (Punch, 2005). However, if a set of independent variables can only explains minority part of variance in a dependent variable, it signaled to the researchers that there were other factors that might need to be included in future researches to explain a phenomenon in a more complete way (Punch, 2005). MLR provided the *benefits* of detecting outliers, quick, and facilitate the interpretation (Myatt & Johnson, 2009). The general equation for MLR is as followed:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n$$

Whereby,

Y = Dependent variable

X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub> = Independent variables

$\alpha$  = Intercept or constant

$\beta_1$  to  $\beta_n$  = Coefficient associated with the p explanatory (independent) variables to the predictor (dependent) variables

The multiple regressions used to conduct an analysis on the linear relationship between a dependent variable (repurchase intention of Groupon) and multiple independent variables (eWOM, low price, prior experience, website reputation, and website usability) by estimating the coefficients for the equation for straight line. This study applied the equation as below:

$$RI = \alpha + \beta_1 EWOM + \beta_2 PE + \beta_3 LP + \beta_4 WU + \beta_5 WR$$

Whereby,

RI = Repurchase intention

EWOM = Electronic word-of-mouth

PE = Prior experience

LP = Low price

WU = Web usability

WR = Website reputation

### **3.8 Conclusion**

This study was designed to conduct descriptive research and causal research to describe and examine the relationship between several independent variables and repurchase intention of Groupon's consumers. This study was a cross-sectional study where the data collected was specifically for the purpose of this research project for single use. Quantitative research was applied whereby survey method was the main research tool for this study. In terms of data collection methods, questionnaire was the source for primary data and the source for secondary data consist of various types of relevant information and past studies. Next, identification of target respondents and sampling strategy were explained under the section of sampling design. Groupon's consumers were the target respondents for this study and the survey were conducted through both online survey and distribution of hardcopy questionnaires. This study mainly applied non-probability sampling, which included convenience, judgment, and snowball sampling. Self-administered questionnaires as the research instrument was designed and modified based on feedback from pilot test. The following section described the development of questionnaires, application of scale measurements, and results of pilot test. Finally, procedures and statistic tools for data processing and data analysis were included in the last section of this chapter. Questionnaire checking, data editing, data coding, data transcribing, and data cleaning were conducted both manually and through SPSS software version 20.0. Justification for descriptive analysis, reliability test, and inferential analysis used in this study had been discussed in this chapter. Pearson's correlation analysis and multiple regression analysis were used to conduct inferential analysis. The findings, results, and interpretation of analysis and statistical methods discussed in this chapter will be presented in next chapter.

## **CHAPTER 4: DATA ANALYSIS**

### **4.0 Introduction**

In this chapter, data collected from respondents' questionnaires will be analyzed and interpreted. SPSS software version 20.0 was used to analyze the 287 respondents' data collected. The data will be presented in tables for better illustration and understanding. This chapter outlined descriptive analysis, descriptive statistic, reliability measurement, and inferential statistics which consist of Pearson correlation and multiple linear regressions.

### **4.1 Descriptive Analysis**

#### **4.1.1 Respondent Demographic Profile**

In the questionnaire a total of seven questions which were gender, age, marital status, ethnic group, academic qualification, profession, and monthly income were asked to understand respondents' demographic profile.



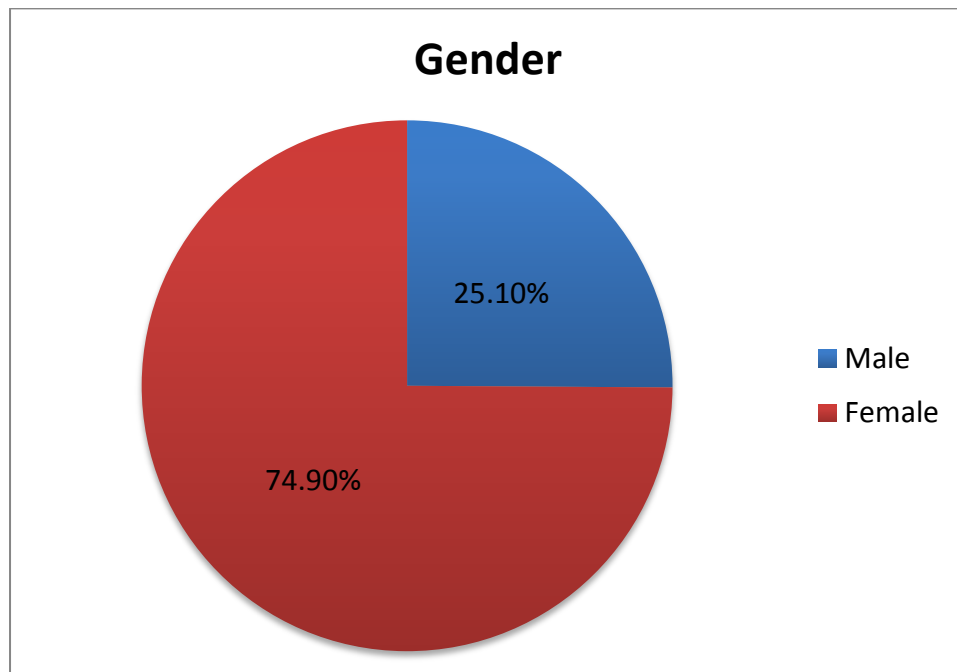
#### 4.1.1.1 Gender

Table 4.1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	72	25.1	25.1	25.1
	Female	215	74.9	74.9	100.0
	Total	287	100.0	100.0	

Source: Developed for the research

Figure 4.1: Gender



Source: Developed for the research

Table 4.1 and Figure 4.1 above show the gender distribution of respondents. A total of 287 successful respondents participated in this survey. Female respondents contributed 74.90% or 215 out of the 287

respondents, while male respondents contributed 25.10% or 72 respondents.

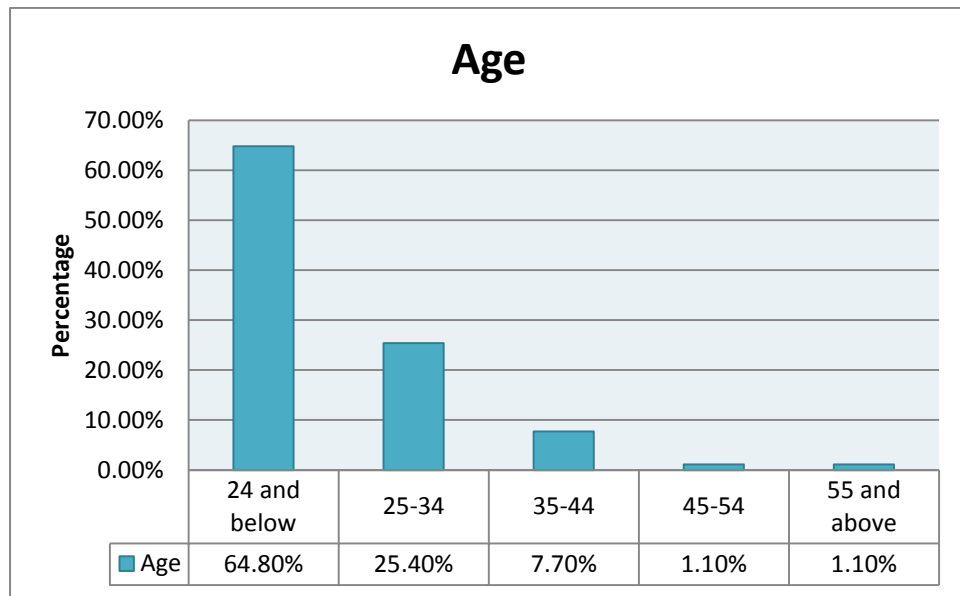
#### 4.1.1.2 Age

Table 4.2: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	24 and below	186	64.8	64.8	64.8
	25-34	73	25.4	25.4	90.2
	35-44	22	7.7	7.7	97.9
	45-54	3	1.1	1.1	99.0
	55 and above	3	1.1	1.1	100.0
	Total	287	100.0	100.0	

Source: Developed for the research

Figure 4.2: Age



Source: Developed for the research

The five age groups in the questionnaire are shown in Table 4.2 and Figure 4.2. Majority of the respondents came from the age group of 24 and below (64.80% or 186 respondents). The second and third group were 25 to 34 years old (25.40% or 73 respondents) and 35 to 44 years old (7.70% or 22 respondents). Age groups of 45 to 54 years old and 55 and above only had 1.10% or 3 respondents, respectively.

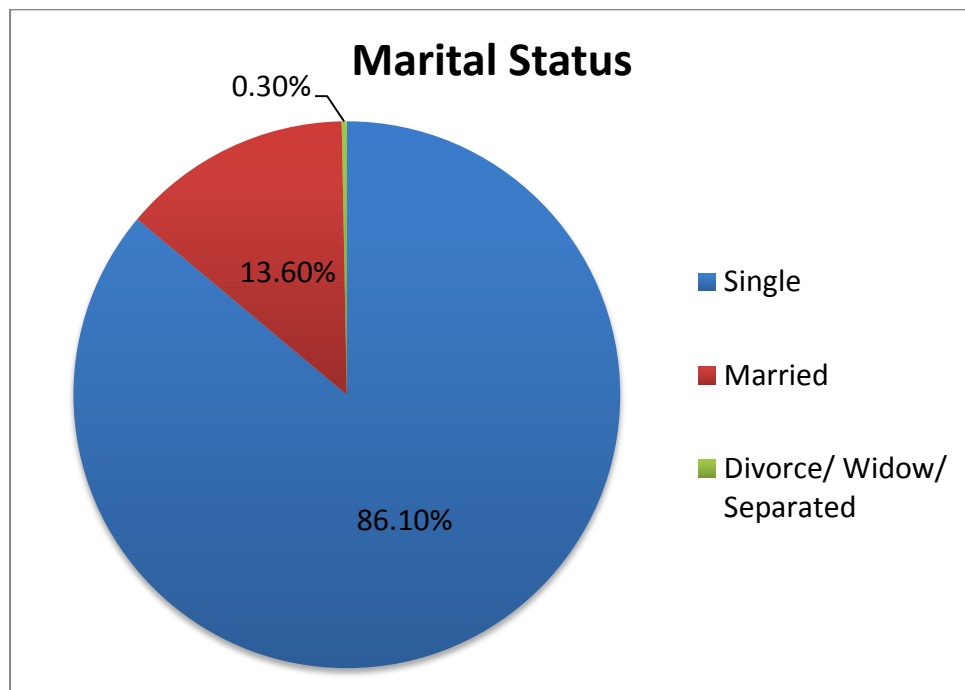
**4.1.1.3 Marital Status**

Table 4.3: Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	247	86.1	86.1	86.1
	Married	39	13.6	13.6	99.7
	Divorce/ Widow/ Separated	1	.3	.3	100.0
	Total	287	100.0	100.0	

Source: Developed for the research

Figure 4.3: Marital Status



Source: Developed for the research

Table 4.3 and Figure 4.3 show the marital status of respondents. Pie chart above shows that most of the respondents are single with 86.10% or 247 respondents. 13.60% or 39 respondents fall under the married category. Only 0.30% or 1 respondent is in the state of divorce, widow or separated.

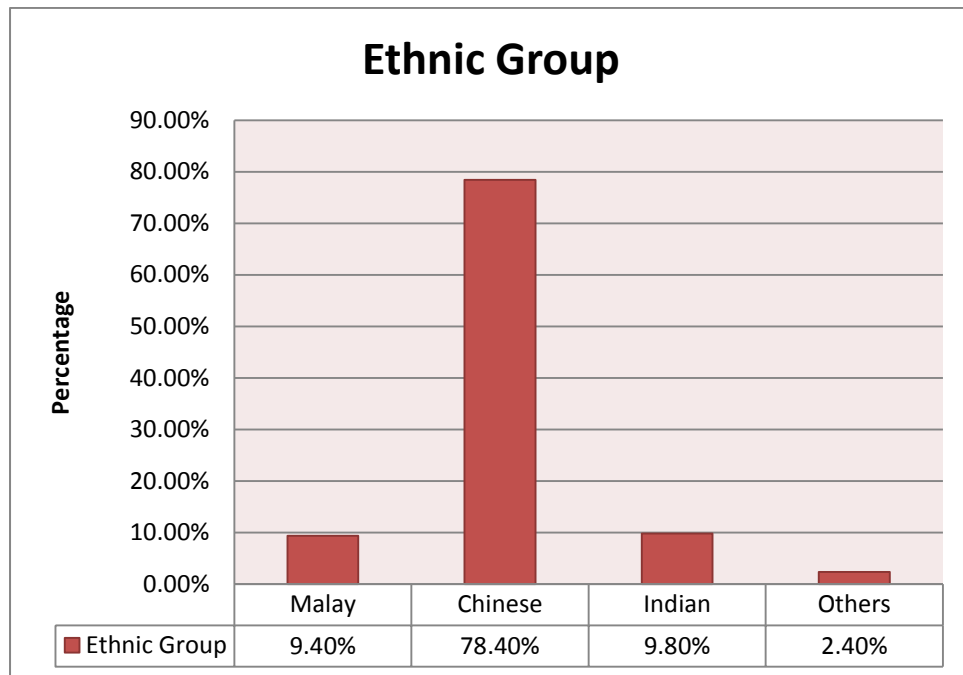
#### 4.1.1.4 Ethnic Group

Table 4.4: Ethnic Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	27	9.4	9.4	9.4
	Chinese	225	78.4	78.4	87.8
	Indian	28	9.8	9.8	97.6
	Others	7	2.4	2.4	100.0
	Total	287	100.0	100.0	

Source: Developed for the research

Figure 4.4: Ethnic Group



Source: Developed for the research

Referring to Table 4.4 and Figure 4.4, the highest rate of ethnic group responded in this questionnaire was Chinese with 78.40% or 225 respondents. Then followed by Indian and Malay respondents' consisting of 28 respondents (9.80%) and 27 respondents (9.40%) respectively. Lastly, the minority in this questionnaire was from other ethnic groups with only 2.40% or 7 out of 287 respondents.

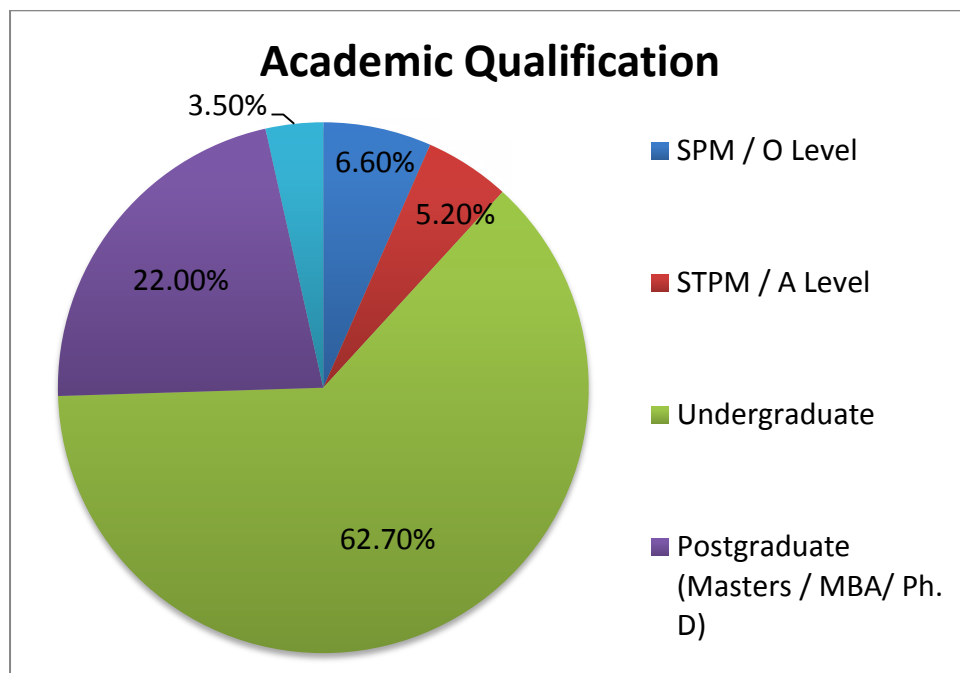
**4.1.1.5 Academic Qualification**

Table 4.5: Academic Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SPM / O Level	19	6.6	6.6	6.6
	STPM / A Level	15	5.2	5.2	11.8
	Undergraduate	180	62.7	62.7	74.6
	Postgraduate (Masters / MBA/ Ph. D)	63	22.0	22.0	96.5
	Others	10	3.5	3.5	100.0
	Total	287	100.0	100.0	

Source: Developed for the research

Figure 4.5: Academic Qualification



Source: Developed for the research

According to Table 4.5 and Figure 4.5, 62.70% or 180 respondents appeared to be pursuing their study as undergraduates. Second highest is postgraduate with 22% or 63 respondents. Then, followed by SPM or O Level, STPM or A Level, and others with 19 respondents (6.60%), 15 respondents (5.20%), and lastly 10 respondents (3.50%), respectively.

#### 4.1.1.6 Profession

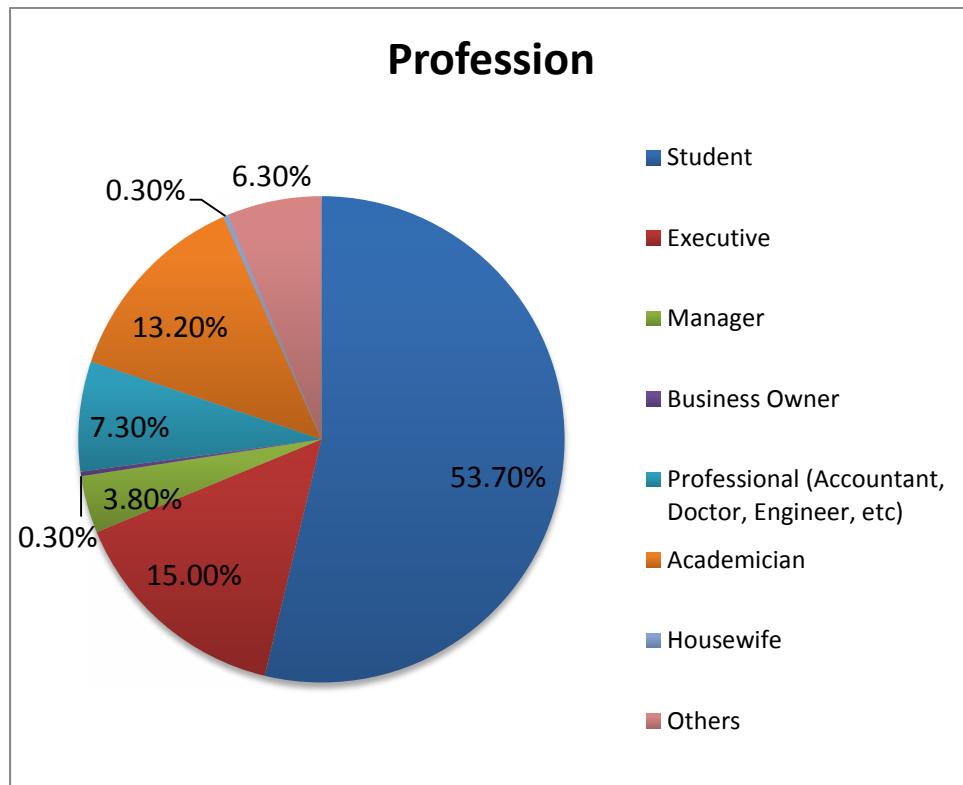
Table 4.6: Profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	154	53.7	53.7	53.7
	Executive	43	15.0	15.0	68.6
	Manager	11	3.8	3.8	72.5
	Business Owner	1	.3	.3	72.8
	Professional (Accountant, Doctor, Engineer, etc)	21	7.3	7.3	80.1
	Academician	38	13.2	13.2	93.4
	Housewife	1	.3	.3	93.7
	Others	18	6.3	6.3	100.0
	Total	287	100.0	100.0	

Source: Developed for the research



Figure 4.6: Profession



Source: Developed for the research

Table 4.6 and Figure 4.6 show the various profession categories available. 53.70% or 154 respondents were students, which made the highest population of respondents. With descending order of population was executive (15.00% or 43 respondents), academician (13.20% or 38 respondents), professional (7.30% or 21 respondents), others (6.30% or 18 respondents), and manager (3.80% or 11 respondents). Both business owner and housewife have 1 respondent (0.30%) respectively.

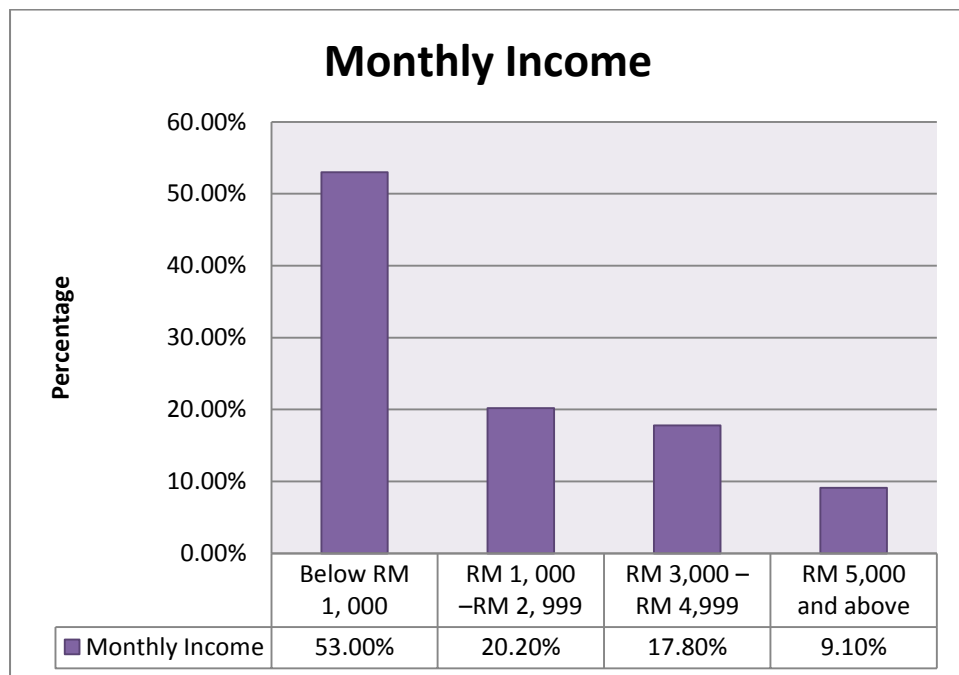
**4.1.1.7 Monthly Income**

Table 4.7: Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below RM 1, 000	152	53.0	53.0	53.0
	RM 1, 000 –RM 2, 999	58	20.2	20.2	73.2
	RM 3,000 – RM 4,999	51	17.8	17.8	90.9
	RM 5,000 and above	26	9.1	9.1	100.0
	Total	287	100.0	100.0	

Source: Developed for the research

Figure 4.7: Monthly Income



Source: Developed for the research

The results presented in Table 4.7 and Figure 4.7 show the four monthly income levels of respondents. The highest population of respondents' income level under RM1, 000 was 53.00% or 152 respondents. Income level RM 1, 000 to RM 2, 999 had 20.20% or 58 respondents followed closely by 17.80% or 51 respondents with RM3, 000 to RM4, 999 income level. Income level RM 5, 000 and above was with the least respondents with 9.10% or 26 respondents only.

### 4.1.2 Respondent General Information

In the questionnaire a total of two filter questions and another three questions were asked to understand respondents' buying behavior. As the first two questions' purpose was to eliminate non-consumers of Groupon, thus only the remaining three questions will be analyzed and interpreted as show in Table 4.8.

Table 4.8: Summary of Questions in General Information

Item		Frequency	Percent
Purchase Frequency	1 to 3 times	177	61.7
	4 to 6 times	40	13.9
	7 to 9 times	12	4.2
	10 times or more	13	4.5
	Never during this period	45	15.7
Products and Services Purchased	Food/ Beverage	180	36.3
	Clothing/ Accessory/ Shoes	111	22.4
	Toys	8	1.6
	Book/ DVD/ CD	8	1.6

	Computer/ Electronics	56	11.3
	Others	133	26.8
Purchase from other OGB Websites	LivingSocial	121	26.1
	MyDeal	104	22.4
	Dealmates	24	5.2
	Stardeal	2	0.4
	GroupMe	9	1.9
	MilkADeal	19	4.1
	JackCow	8	1.7
	Hulala	8	1.7
	ILoveDiscounts	19	4.1
	Others	92	19.8
	I do not know any of it	58	12.5

Source: Developed for this research

Respondents were asked on the past 6 months purchasing behavior through Groupon. Among the five options given, purchase frequency between 1 to 3 times was the highest with 61.70% or 177 respondents. In the past six months, 13.90% or 40 respondents had purchased 4 to 6 times, 4.20% or 12 respondents had purchased 7 to 9 times, and 4.50% or 13 respondents had purchased 10 times or more. The remaining 15.70% or 45 respondents did not make any transaction from Groupon during the period.

Next question was to examine the products and services usually respondents buy at Groupon. Food or beverage (36.30%), others (26.80%), and clothing or accessory or shoes (22.40%) were the top three areas respondents spent money on. The less popular categories purchased were computer or electronics (11.30%), toys (1.60%), and book or DVD or CD (1.60%).

Last but not least, respondents were asked on other OGB websites that they had purchased from to study the close competitors of Groupon. Other than Groupon, respondents also purchased from LivingSocial (26.10%), MyDeal (22.40%), others (19.80%), Dealmates (5.20%), MilkADeal and ILoveDiscounts with 4.10%, GroupMe (1.90%), JackCow and Hulala with 1.70%, and lastly Stardeal (0.40%). However, 12.50% of respondents never heard of or recognize any other OGB websites.

## 4.2 Internal Reliability Test

Table 4.9: Internal Reliability Test

Variable	Cronbach's Alpha	Number of Items	Strength
Repurchase Intention	.937	7	Excellent
eWOM	.774	4	Good
Low Price	.786	8	Good
Prior Experience	.912	7	Excellent
Website Reputation	.933	8	Excellent
Website Usability	.930	11	Excellent

Source: Developed for the research

Cronbach's alpha is to measure the *internal consistency* of the closeness of five independent variables with the dependent variable (Cronbach, 1951). This measure is expressed in the number between 0 and 1. According to Hair et al. (2007), the rule of thumb, alpha coefficient of more than 0.7 considered of having a positive feedback on the variables. Any alpha coefficient less than 0.6 represents lack of associations on the independent and dependent variables. The range of 0.6

to 0.7 have a moderate strength of association, score of 0.7 to 0.8 is translated as good strength of association, and very good strength fall under the range of 0.8 to 0.9. The most desired Cronbach's alpha coefficient range is more than 0.9 values, to show excellent strength of reliability. In this study, 45 items from the questionnaire had been included to test the reliability of variables.

Referring to Table 4.9 on *internal reliability test*, seven items were used to measure repurchase intention with alpha coefficient 0.937, the highest alpha coefficient. Next, the alpha coefficient for four items of eWOM was 0.774 whereas alpha coefficient for eight items of low price was 0.786. Two of these independent variables only reflected very good reliability. The other three independent variables achieved excellent strength which was alpha coefficient of 0.912 for prior experience measured with seven items, website reputation's alpha coefficient was 0.933 with eight items and lastly, 11 items were used to measure website usability, the alpha coefficient was 0.930.

### **4.3 Inferential Statistics**

While descriptive analysis is merely suitable to describe the data in a simpler way, inferential statistics can provide in depth analysis from a sample to make general conclusion about a population (Ho, 2006). In this study, associations among variables as well as the relationship between independent variables and dependent variable were presented with Pearson correlation analysis and multiple linear regressions.

### 4.3.1 Pearson Correlation

**Pearson correlation analysis** was used to illustrate the associations among variables in terms of its significance, direction, and strength of association. This study had adopted confidence level of 95% (p-value = 0.05) to examine whether there was association between independent variable and dependent variable. Meanwhile, **Pearson's correlation value (r)** can be used to explain whether the association among variables indicated a positive or negative association as well as how strong the association was among variables. Table 4.10 is the correlation matrix that shows the association between six variables.

Table 4.10: Correlations

		ARI	AEWOM	ALP	APE	AWR	AWU
ARI	Pearson Correlation	1	.143 <sup>*</sup>	.438 <sup>**</sup>	.565 <sup>**</sup>	.544 <sup>**</sup>	.525 <sup>**</sup>
	Sig. (2-tailed)		.015	.000	.000	.000	.000
AEWOM	Pearson Correlation	.143 <sup>*</sup>	1	.280 <sup>**</sup>	.142 <sup>*</sup>	.199 <sup>**</sup>	.226 <sup>**</sup>
	Sig. (2-tailed)	.015		.000	.016	.001	.000
ALP	Pearson Correlation	.438 <sup>**</sup>	.280 <sup>**</sup>	1	.408 <sup>**</sup>	.535 <sup>**</sup>	.468 <sup>**</sup>
	Sig. (2-tailed)	.000	.000		.000	.000	.000
APE	Pearson Correlation	.565 <sup>**</sup>	.142 <sup>*</sup>	.408 <sup>**</sup>	1	.689 <sup>**</sup>	.723 <sup>**</sup>
	Sig. (2-tailed)	.000	.016	.000		.000	.000
AWR	Pearson Correlation	.544 <sup>**</sup>	.199 <sup>**</sup>	.535 <sup>**</sup>	.689 <sup>**</sup>	1	.739 <sup>**</sup>
	Sig. (2-tailed)	.000	.001	.000	.000		.000
AWU	Pearson Correlation	.525 <sup>**</sup>	.226 <sup>**</sup>	.468 <sup>**</sup>	.723 <sup>**</sup>	.739 <sup>**</sup>	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

N = 287

ARI = Average Repurchase Intention (Dependent variable)

AEWOM = Average Electronic Word-of-Mouth

ALP = Average Low Price

APE = Average Prior Experience

AWR = Average Website Reputation

AWU = Average Website Usability

Source: Developed for the research

With significance level of 0.05, p-value of low price, prior experience, website reputation, and website usability was 0.000 while p-value of eWOM was 0.015, which were all less than 0.05 ( $p = 0.000 < 0.005$  and  $p = 0.015 < 0.05$ ). Therefore, null hypothesis for all variables were rejected and there were significant associations between each independent variable and dependent variable.

Pearson's correlation value (r) of 0.143 indicated that there was positive and significant association between eWOM and consumers' repurchase intention of Groupon. The increase of eWOM can lead to the increase of repurchase intention. Based on Hair et al. (2007), Pearson's correlation value of 0.143 falls between the range of 0.21 to 0.40 showed that there was a small but definite association between eWOM and repurchase intention.



Meanwhile, r-value of low price (0.438), prior experience (0.565), website reputation (0.544), and website usability (0.525) that falls within the range of 0.41 to 0.70 suggested that there was positive and also moderate association between the other four variables and repurchase intention. This showed that low price, prior experience, website reputation, and website usability can influence repurchase intention. In addition, the lower the number of coefficient correlation, the weaker the association between variables, and vice versa (Hair et al., 2007). Hence, prior experience (0.565) had strongest correlation with repurchase intention, followed by website reputation (0.544), website usability (0.525), low price (0.438), and eWOM (0.143). EWOM had the least association with repurchase intention, which was 0.143.

Table 4.11: Summary for Results of Pearson's Correlation Analysis

Variable	p-value (significance level of 0.05)	Pearson's correlation	
		Direction of Association	Strength of Association
eWOM	0.015 (Has significant association)	0.143 (Positive)	0.21 to 0.40 (Small but definite)
Low price	0.000 (Has significant association)	0.438 (Positive)	0.41 to 0.70 (Moderate)
Prior Experience	0.000 (Has significant association)	0.565 (Positive)	0.41 to 0.70 (Moderate)
Website Reputation	0.000 (Has significant association)	0.544 (Positive)	0.41 to 0.70 (Moderate)
Website Usability	0.000 (Has significant association)	0.525 (Positive)	0.41 to 0.70 (Moderate)

Source: Developed for the research

### 4.3.2 Multiple Linear Regressions

In this research, MLR were adopted to study the relationship between several independent variables and dependent variable. This regression analysis was adopted because Likert Scale used to test the variables was considered as interval scale.

Table 4.12: Model Summary (Stepwise Method)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.565 <sup>a</sup>	.319	.317	5.81302
2	.609 <sup>b</sup>	.371	.367	5.59667
3	.624 <sup>c</sup>	.390	.383	5.52210
a. Predictors: (Constant), APE				
b. Predictors: (Constant), APE, ALP				
c. Predictors: (Constant), APE, ALP, AWR				

ALP = Average Low Price

APE = Average Prior Experience

AWR = Average Website Reputation

Source: Developed for the research

*Stepwise regression* is an analysis run by including or excluding predictors in equation one at a time (Gray & Kinnear, 2011). Both forward selection and backward deletion processes were combined in SPSS stepwise regression, which means the variables that were added initially, may be excluded later (Gray & Kinnear, 2011). Prior experience was the variable

included initially in the equation (Model 1), followed by low price (Model 2) and website reputation (Model 3).

According to Nishishiba, Jones, and Kraner (2014), all three R-values explained the extent to which the linear combination of the independent variables in the analysis influences the dependent variable. With regression equation, the R-value can explain the Pearson correlation coefficient between observed value of dependent variable and predicted value of dependent variable (Nishishiba et al., 2014). The **Multiple R (R)** interprets to what extent the regression equation is able to predict the observed value of the dependent variable (Nishishiba et al., 2014). This value ranges from 0 to 1 and there is substantial correlation if the value is higher (Nishishiba et al., 2014). The observed value of the dependent variable is most well forecasted when R value is 1 (Nishishiba et al., 2014). The R-value becomes larger with adding of more variables in the stepwise regression (Verma, 2013). From 0.565 (Model 1) to 0.609 (Model 2) until 0.624 (Model 3), the R-value increases with the adding of more variables. The R-value obtained from Model 3 was 0.624, which means the linear combination of three independent variables (prior experience, low price, and website reputation) moderately predicted the dependent variable (repurchase intention). The strength of relationship between three independent variables and dependent variables were considered moderate.

**R Square ( $R^2$ )** represents to what extent the variation in dependent variable can be explained by independent variables (Nishishiba et al., 2014). The range for  $R^2$  is also between 0 to 1 (Nishishiba et al., 2014). The value of  $R^2$  increases when there is more variables taken into account to the regression equation. The best practice in conducting a research is to avoid including more variables without objective research judgment just for the sake of increasing the value of  $R^2$  (Nishishiba et al., 2014). From Table 4.12, Model 1 showed prior experience alone explained 31.90%

( $R^2 = 0.319$ ) of variation in repurchase intention. This shows that prior experience was the most substantial predictor for repurchase intention. Subsequently, an additional of 5.20% ( $0.371 - 0.319 = 0.052$ ) of variation in repurchase intention can be explained by including low price factor in Model 2. The finalized Model 3 included three most significant predictor variables (prior experience, low price, and website reputation) and removed the other two predictor variables (eWOM and website usability). The combination of prior experience, low price, and website reputation in **Model 3** had R Square of 0.390 ( $R^2 = 0.390$ ). This means that the three independent variables (prior experience, low price, and website reputation) can explain the 39% of variation on dependent variable (repurchase intention). The remaining 61% of variance in repurchase intention was not explained, which means more independent variables will be needed to be included in future research to provide a more thorough explanation for repurchase intention.

**Table 4.13: ANOVA<sup>a</sup> (Stepwise Method)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4512.526	1	4512.526	133.541	.000 <sup>b</sup>
	Residual	9630.492	285	33.791		
	Total	14143.017	286			
2	Regression	5247.361	2	2623.680	83.763	.000 <sup>c</sup>
	Residual	8895.657	284	31.323		
	Total	14143.017	286			
3	Regression	5513.344	3	1837.781	60.268	.000 <sup>d</sup>
	Residual	8629.674	283	30.494		
	Total	14143.017	286			
a. Dependent Variable: CRI						
b. Predictors: (Constant), CPE						
c. Predictors: (Constant), CPE, CLP						

d. Predictors: (Constant), CPE, CLP, CWR

ARI = Average Repurchase Intention (Dependent variable)

ALP = Average Low Price

APE = Average Prior Experience

AWR = Average Website Reputation

Source: Developed for the research

The purpose of using *Analysis of Variance (ANOVA)* table was to examine whether the model significantly fitted and was better at estimating the results as compared to using mean for estimation (Field, 2005). F-statistic was used to show the output of test of significance for all three R-values (Nishishiba et al., 2014). Meanwhile, the statistical significance of the regression model can be assessed with F-statistic (Bajpai, 2011). F-statistic indicated that minimum one of the regression coefficients must not be or equivalent to zero (Bajpai, 2011). Based on the output in ANOVA table (Table 4.13), p-value of 0.000 that was less than 0.05 ( $p = 0.000 < 0.005$ ) for Model 3 and  $F = 60.268$  suggested at least one of the independent variables was significantly related to repurchase intention. The combination of prior experience, low price, and website reputation can significantly predict repurchase intention except eWOM and website usability.

Table 4.14: Coefficients<sup>a</sup> (Stepwise Method)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	14.247	1.960		7.268	.000		
	CPE	.607	.053	.565	11.556	.000	1.000	1.000

2	(Constant)	6.549	2.467		2.654	.008		
	CPE	.498	.055	.463	8.985	.000	.834	1.199
	CLP	.287	.059	.250	4.844	.000	.834	1.199
3	(Constant)	5.216	2.476		2.107	.036		
	CPE	.373	.069	.347	5.409	.000	.523	1.912
	CLP	.215	.063	.187	3.399	.001	.711	1.407
	CWR	.210	.071	.205	2.953	.003	.448	2.234
a. Dependent Variable: CRI								

N = 287

ARI = Average Repurchase Intention (Dependent variable)

ALP = Average Low Price

APE = Average Prior Experience

AWR = Average Website Reputation

Source: Developed for the research

Derived from the value under *unstandardized coefficients beta* column in Table 4.14, factors influencing consumers' repurchase intention of Groupon can be expressed using the regression equation below:

**Repurchase intention = 5.216 + 0.373 (prior experience) + 0.215 (low price) + 0.210 (website reputation)**

The intercept was 5.216 when all independent variables were zero. When low price and website reputation remained constant, consumers' repurchase intention will increase by 0.373 units for each additional increase in prior experience. Consumers' repurchase intention will increase by 0.215 units for every one unit increase in low price factor

when prior experience and website reputation remain constant. Holding prior experience and low price constant, consumers' repurchase intention will rise by 0.210 for each additional rise in website reputation.

According to Schwab (2002), the order of importance shown by stepwise regression normally same as the order of importance arranged based on standardized coefficient beta. However, the results obtained in this research did not show consistency between order of importance for stepwise regression and standardized coefficient beta ( $\beta$ ). Amedeo, Golledge, and Stimson (2009), and Field (2009) addressed that standardized coefficient beta indicated the degree of importance of a variable. The *strength of relationship* between individual predictor variable and dependent variable can be judged with the value in the column of *standardized coefficient beta* (Nishishiba et al., 2014). Hence, we referred to standardized coefficient beta rather than just referred to the order of importance arranged by the stepwise regression. From the result of stepwise regression model, prior experience (0.347) is the most important predictor that brings strongest influence on consumers' repurchase intention of Groupon, followed by website reputation (0.205) and low price (0.187).

**Multicollinearity** is a problem that uniquely occurs in multiple regressions when two or more variables are highly correlated, which will reduce the validity of multiple regression analysis (Field, 2005). A good independent variable might become insignificant and rejected from the model due to strong multicollinearity (Field, 2005). Multicollinearity can lead to *problems* such as reduction in size of R, difficulties to predict the most important predictor, and unstable predictor equations (Field, 2005). Hence, multicollinearity can limit the researchers in making a reliable judgment of regression coefficient (Sekaran & Bougie, 2010). Both Variance Inflation Factor (VIF) and tolerance value are normally used to assess whether there

is existence of multicollinearity. *VIF* is an indicator to measure the extent to which the linear relationship between predictor variables are closely related (Field, 2005). *Tolerance value* indicates amount of variance in independent variables that is not explained by other independent variables in the equation (Warner, 2008). Tolerance value also equal to  $1/VIF$  (Leech, Barrett, & Morgan, 2005). The greater the tolerance value means the independent variables are more likely to provide significant information (Warner, 2008). Different researchers suggested different value as threshold to measure multicollinearity. Hair et al. (2011) suggested VIF of more than 5.0 is considered to have multicollinearity problem whereas Sekaran & Bougie (2010) suggested VIF of more than 10.0 to measure the correlation between independent variable. Hence, for this study, we adopted Sekaran & Bougie (2010) suggested VIF rule of thumb. Both Field (2005) and Sekaran & Bougie (2010) suggested a tolerance value of less than 0.10 to measure multicollinearity. Referring to the column of collinearity statistics in Table 4.14, multicollinearity problem did not exist in Model 3 as the tolerance value of all three variables were more than 0.10 as well as VIF did not go beyond the cutoff value of 10.0.

#### 4.3.2.1 Test of Significant

Table 4.15: Excluded Variables<sup>a</sup> (Stepwise Method)

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics			
					Tolerance	VIF	Minimum Tolerance	
1	AEWOM	.065 <sup>b</sup>	1.312	.191	.078	.980	1.020	.980
	ALP	.250 <sup>b</sup>	4.844	.000	.276	.834	1.199	.834
	AWR	.296 <sup>b</sup>	4.529	.000	.260	.525	1.904	.525



	AWU	.244 <sup>b</sup>	3.519	.001	.204	.477	2.098	.477
2	AEWOM	.009 <sup>c</sup>	.177	.860	.011	.921	1.086	.784
	AWR	.205 <sup>c</sup>	2.953	.003	.173	.448	2.234	.448
	AWU	.166 <sup>c</sup>	2.363	.019	.139	.441	2.269	.441
3	AEWOM	.001 <sup>d</sup>	.024	.981	.001	.918	1.089	.446
	AWU	.096 <sup>d</sup>	1.245	.214	.074	.362	2.763	.362
a. Dependent Variable: CRI b. Predictors in the Model: (Constant), CPE c. Predictors in the Model: (Constant), CPE, CLP d. Predictors in the Model: (Constant), CPE, CLP, CWR								

ARI = Average Repurchase Intention (Dependent variable)

AEWOM = Average Electronic Word-of-Mouth

ALP = Average Low Price

APE = Average Prior Experience

AWR = Average Website Reputation

AWU = Average Website Usability

Source: Developed for the research

Gray & Kinnear (2011) mentioned those variables in the table of excluded variables are due to the low t-values and high p-values, leading to those variables becoming redundant and can be ignored from the analysis. In this research, Table 4.15 listed eWOM and website usability as the two variables dropped from analysis (Model 3). With significance level of  $p = 0.05$ , the hypothesis was rejected if p-value of variables was more than 0.05.

### **Hypothesis 1**

H<sub>1</sub>: There is a positive relationship between eWOM and repurchase intention.

Based on Table 4.15, the significant value of eWOM was 0.981, which was higher than 0.05 ( $p = 0.981 > 0.05$ ). Therefore, **H<sub>1</sub> was not supported**. There was **no positive** relationship between eWOM and repurchase intention.

### **Hypothesis 2**

H<sub>2</sub>: There is a positive relationship between low price and repurchase intention.

Based on Table 4.14, the significant value of low price was 0.001, which was lower than 0.05 ( $p = 0.001 < 0.05$ ). Therefore, **H<sub>2</sub> was supported**. There was a **positive** relationship between low price and repurchase intention.

### **Hypothesis 3**

H<sub>3</sub>: There is a positive relationship between prior experience and repurchase intention.

Based on Table 4.14, the significant value of prior experience was 0.000, which was lower than 0.05 ( $p = 0.000 < 0.05$ ). Therefore, **H<sub>3</sub> was supported**. There was a **positive** relationship between prior experience and repurchase intention.

#### **Hypothesis 4**

H<sub>4</sub>: There is a positive relationship between website reputation and repurchase intention.

Based on Table 4.14, the significant value of website reputation was 0.003, which was lower than 0.05 ( $p = 0.003 < 0.05$ ). Therefore, **H<sub>4</sub> was supported**. There was a *positive* relationship between website reputation and repurchase intention.

#### **Hypothesis 5**

H<sub>5</sub>: There is a positive relationship between website usability and repurchase intention.

Based on Table 4.15, the significant value of website usability was 0.214, which was higher than 0.05 ( $p = 0.214 > 0.05$ ). Therefore, **H<sub>5</sub> was not supported**. There was *no positive* relationship between website usability and repurchase intention.

In short, low price (0.001), prior experience (0.000), and website reputation (0.003) significantly contributed to consumers' repurchase intention of Groupon with p-value lower than 0.05. In opposite, eWOM (0.981) and website usability (0.214) had no significant impact on consumers' repurchase intention of Groupon.

## 4.4 Conclusion

In this chapter, data collected from questionnaires had been gathered for interpretation to be transformed to meaningful values. The results were divided into descriptive analysis about respondents' general information and inferential analysis to find out the association and relationship between each independent variable and repurchase intention as the dependent variable. The results showed that three out of five hypotheses were supported based on this research finding. The three independent variables which brought significant impact on consumers' repurchase intention were prior experience, website reputation, and low price. However, eWOM and website usability were proved to be insignificant. These two factors did not influence consumers' decision on repurchase behavior. In the next chapter, the summary of statistical analyzes, the major findings, implication from this study, limitation during the study, and suggestion of recommendation for future studies will be discussed.

## **CHAPTER 5: DISCUSSIONS, CONCLUSION, AND IMPLICATIONS**

### **5.0 Introduction**

Derived from the statistical data that was presented and interpreted in previous chapter, this chapter will summarize the results to discuss the major findings of this research. The discussion should provide answers for research questions, overall research objectives, and the results for hypotheses testing. Based on the findings in this research, we will discuss the implication of this study and provide some suggestions for companies in OGB industry in order to improve their businesses. In addition, limitations that we had encountered during the process of conducting the research as well as related recommendations to improve the future researches will be discussed. Lastly, a conclusion for the entire research will be described.

### **5.1 Summary of Statistical Analyzes**

Results and interpretation explained in previous chapter will be concluded in this part, which included demographic profile of respondents, Pearson correlation analysis, and multiple regression analysis.

### 5.1.1 Descriptive Analysis

In this research, a total of 287 respondents with usable information were collected. *Descriptive analysis* had been applied to analyze the demographic profile of respondents, such as gender, age, ethnicity, profession, marital status, academic qualification, and income level. General information about types of products and services that had been purchased, frequency of purchase, and other OGB websites that consumers had purchased from were also part of the information analyzed with descriptive analysis.

In terms of *demographic profile*, female respondents made up the majority among 287 respondents, which was 74.90% (215 respondents) while the remaining 25.10% of respondents were male (72 respondents). Besides, the numbers of respondents were lesser for the older age group. The two largest age proportion that reached two digit percentages in our research were age group of 24 and below as well as age group of 25 to 34, which constituted 64.80% (186 respondents) and 25.40% (73 respondents) of the total respondents, respectively. In opposite, the smallest age proportion was the group of 55 and above (1.10% or 3 respondents). This was nearly consistent with Groupon's information that 70% of their consumers in Malaysia are around 18 to 27 years old (Tan, 2011).

The ethnicity of the respondents consists of 225 Chinese (78.40%), 28 Indians (9.80%), 27 Malays (9.40%), and the remaining 7 (2.40%) were from other ethnic groups. Out of the 287 respondents, 86.10% (247 respondents) of them were single and 62.70% (180 respondents) of them had academic qualification at the undergraduate level.

In terms of profession, the three groups with highest percentage were student (53.70% or 154 respondents), executive (15.00% or 43 respondents), and academician (13.20% or 38 respondents). Monthly income of majority of the respondents was below RM 1, 000, which consists of 53.00% (152 respondents), particularly because most of the respondents were students. The second and the third highest percentage of income group ranges were RM 1, 000 – RM 2, 999 (20.20% or 58 respondents) and RM 3,000 – RM 4,999 (17.80% or 51 respondents).

For the *general information*, in the past 6 months, the highest frequency of purchase was 1 to 3 times (61.70% or 177 respondents) from Groupon and majority of them purchased in the food and beverage category with 36.30%. The top three other OGB websites respondents had purchased were LivingSocial (26.10%), MyDeal (22.40%), and others (19.80%), whereas 12.50% of respondents did not know other OGB websites.

### **5.1.2 Scale Measurement**

The internal reliability of six constructs with 45 items had been measured with Cronbach's alpha reliability test. The variable with highest Cronbach's alpha value was repurchase intention (0.937), followed by website reputation (0.933), website usability (0.930), prior experience (0.912), low price (0.786), and eWOM (0.774). Among the six variables, the strength of association of first four variables were excellent (more than 0.9) while the latter two variables were quite good (0.7 to less than 0.8). This concluded that all variables were considered reliable because the Cronbach's alpha values obtained reached an acceptable level, which was higher than the threshold of 0.7.

### **5.1.3 Inferential Summary**

#### **5.1.3.1 Pearson Correlation Analysis**

The associations among the variables had been assessed with Pearson correlation analysis. All independent variables were significantly associated with repurchase intention with p-value lower than 0.05. Pearson's correlation value of the five independent variables with positive value indicated that there was positive relationship between each independent variable with repurchases intention. Prior experience (0.565) had the strongest association with repurchase intention, followed by website reputation (0.544), website usability (0.525), and low price (0.438). The strength of association of these four variables with repurchase intention was considered moderate. Finally, eWOM (0.143) had the weakest association with consumers' repurchase intention of Groupon.

#### **5.1.3.2 Multiple Regression Analysis**

In this research, only H<sub>2</sub>, H<sub>3</sub>, and H<sub>4</sub> were supported while H<sub>1</sub> and H<sub>5</sub> were not supported. In other words, there was a significant relationship between prior experience, low price, and website reputation with consumers' repurchase intention of Groupon as the p-value of the three variables were lower than 0.05. In contrast, eWOM and website usability had no direct relationship with repurchase, as the p-value of these two variables was more than the significance level of 0.05. An equation was formed as below:



**Repurchase intention = 5.216 + 0.373 (prior experience) + 0.215 (low price) + 0.210 (website reputation)**

From the equation, it was clear that prior experience, low price, and website reputation were able to bring an impact to consumers' repurchase intention of Groupon. Meanwhile, there was a moderate relationship between the three independent variables and dependent variables whereby the multiple R was 0.624. Furthermore, R Square of 0.390 showed 39% of variation in repurchase intention had been significantly explained by prior experience, low price, and website reputation. This indicated that the remaining 61% of variance in consumers' repurchase intention of Groupon could be explored by including more possible factors in future studies. Stepwise regression analysis showed that the most important predictor that affected consumers' repurchase intention of Groupon was prior experience ( $\beta = 0.347$ ). In addition, there was no multicollinearity problem in the regression model because the tolerance value of all three variables was more than 0.10 whereas VIF did not exceed 10.0

## **5.2 Discussions of Major Findings**

This research focused on the relationship between eWOM, low price, prior experience, website reputation, website usability with consumers' repurchase intention of Groupon. Table 5.1 below shows a summary for the result of the hypotheses testing. A copy of summary table consists of research objectives, research questions, hypotheses, and outcomes were included in *Appendix G*.

Table 5.1: Summary of Hypotheses, Results, and Determinations

Hypothesis	Result		Determination
	p-value	$\beta$ -value	
H <sub>1</sub> : There is a positive relationship between eWOM and repurchase intention of Groupon.	0.981 (p > 0.05)	0.001	Not supported
H <sub>2</sub> : There is a positive relationship between low price and repurchase intention of Groupon.	0.001 (p < 0.05)	0.187	Supported
H <sub>3</sub> : There is a positive relationship between prior experience and repurchase intention of Groupon.	0.000 (p < 0.05)	0.347	Supported
H <sub>4</sub> : There is a positive relationship between website reputation and repurchase intention of Groupon.	0.003 (p < 0.05)	0.205	Supported
H <sub>5</sub> : There is a positive relationship between website usability and repurchase intention of Groupon.	0.214 (p > 0.05)	0.096	Not supported

Source: Developed for the research

### 5.2.1 eWOM

RO<sub>1</sub>: To examine the relationship between eWOM with repurchase intention of Groupon.

RQ<sub>1</sub>: Will eWOM positively impacts repurchase intention of Groupon?

H<sub>1</sub>: There is a positive relationship between eWOM and repurchase intention of Groupon.

With  $\beta$  of **0.001** and p-value of 0.981, which was more than 0.05, eWOM was proven to bring no impact to repurchase intention among Groupon's consumers. **H<sub>1</sub> was not supported** in this study. Wood (1982) had done a

research on consumers' persuasiveness. Consumers had formed their attitude based on the *perception and experiences*, which provided them ability to derive information in memory to refute and reduce the persuasive effect of messages on them (Wood, 1982). When consumers were unable to persist with their attitude and derive information in memories to mediate the influential effect of the message, they were easily persuaded by the messages (Wood, 1982). On the other hand, consumers who persisted with their attitude and were able to provide more reasons to mediate the influential effect of a message, they are less likely to be persuaded by the message (Wood, 1982). Applied in current situation, consumers who were persistent with their attitude and use their knowledge or experiences to evaluate the eWOM might be able to mediate the persuasiveness of eWOM. Similarly, Park et al., (2007), Cheung et al., (2012), and Lim et al. (2012) obtained similar results to show consumers' knowledge did mediate the effect of eWOM on their purchase decision. Knowledgeable consumers are able to process and assess the message as compared to less knowledgeable consumers (Lim et al., 2012). Thus, the decision making of knowledgeable consumers were not easily influenced by eWOM (Lim et al., 2012). As this research studied about repurchase intention of consumers who had prior purchase experience from Groupon, it was justifiable to explain that consumers were able to use their own knowledge and experiences to mediate the effect of eWOM (Lim et al., 2012).

Cheng and Zhou (2010) had summarized that there were many reasons from past studies that mediated the effectiveness of eWOM on consumers' purchase decision, such as consumers' knowledge, propensity to trust, demographics, self-efficacy, and dependency on online source. Studies of Cheng (2012) and Tan et al. (2013) found that eWOM did bring impact to consumers' repurchase intention. However, repurchase intention was *not necessarily affected* directly by eWOM because satisfaction and trust also affected to what extent eWOM can influence repurchase intention (Cheng, 2012). Moreover, online relationship quality mediated the effect of eWOM

to repurchase intention (Cheng, 2012). Generally, consumers tend to have higher perceived risk with online transaction, therefore it was normal for consumers to have many factors taken into consideration when purchasing from OGB websites like Groupon.

Thus, the objective to examine the relationship between eWOM with repurchase intention of Groupon was met. The research question as mentioned above was answered but eWOM brings no impact towards repurchase intention of Groupon. There was no significant relationship between eWOM and repurchase intention of Groupon.

### **5.2.2 Low Price**

RO<sub>2</sub>: To examine the relationship between low price with repurchase intention of Groupon.

RQ<sub>2</sub>: Will low price positively impacts repurchase intention of Groupon?

H<sub>2</sub>: There is a positive relationship between low price and repurchase intention of Groupon.

Based on Table 5.1, the result showed that low price brought an impact to repurchase intention from Groupon. Low price with  $\beta$  of **0.187** and p-value of 0.001 that was less than 0.05 showed low price as the **third most important factors** to influence the dependent variable. Low price had significant relationship with consumers' repurchase intention of Groupon, **H<sub>2</sub> was supported**. This finding was supported in Chapter 2 by Liu's (2013) study that pricing factor as the motivator for consumers to make purchase at OGB websites. OGB model works in a way that requires large

number of consumers to purchase a deal and in return consumers are able to enjoy discounted products or services (Liu, 2013). As OGB websites is focusing on offering deals with discount, this greatly influences price conscious (unlike price sensitive consumers who prefer lowest price deals) consumers to repurchase at similar websites (Pi et al., 2011). This type of consumers understands that OGB websites always offer deals at lower prices in comparison to other non-OGB websites (Pi et al., 2011).

Hasslinger et al. (2007) had done a research on online purchase behavior and found out low price as the main factor for two types of consumers, price easers and bargain seekers. The same result can be found from Sohn and Kim (2012) research on Koreans online purchase intention. The ease of access to Internet greatly influenced Koreans to spend more time online, browsing, and purchase products and services through online websites (Sohn & Kim, 2012). This made it easier for them to compare a similar product offer from different websites and ultimately consumers will purchase from the one offering a lower price (Sohn & Kim, 2012). Due to the rising of living cost and inflation rate, Malaysians tend to spend wisely in their daily life. This can be further supported by *Nielsen's 2011 Shopper Trends Survey* that revealed Malaysians ranked first as price conscious consumers in Southeast Asia and ranked second as most prolific promotion seekers in Asia Pacific (Ng, 2011).

Therefore, the research objective to examine the relationship between low price with repurchase intention of Groupon had been reached. The research question, "Will low price positively impacts repurchase intention of Groupon" was answered. With both the research objective and question met, we can conclude that there was a positive relationship between low price and repurchase intention of Groupon.

### 5.2.3 Prior Experience

RO<sub>3</sub>: To examine the relationship between prior experience with repurchase intention of Groupon.

RQ<sub>3</sub>: Will prior experience positively impacts repurchase intention of Groupon?

H<sub>3</sub>: There is a positive relationship between prior experience and repurchase intention of Groupon.

Referring to  $\beta$  of 0.347 and p-value of 0.000 lower than 0.05, prior experience was the *most crucial determinant* in consumers' repurchase intention. *H<sub>3</sub> was supported* as there was a significant positive relationship between prior experience and repurchase intention of Groupon. J. I. Kim et al., (2004), and Myers and Ogunc (2008) found positive relationship between online shopping experience and online purchase intention. Imhmed Mohmed et al. (2013) studied on Malaysia context and found out that prior experience as the second primary factor to encourage an online purchase transaction to occur. A study on OGB repurchase intention, prior experience as the mediating factors connecting satisfaction and repurchase intention (Wong & Chau, 2013). It showed significant result when a consumer was satisfied with his or her past experience on purchasing from an OGB website then this will lead to revisit and repurchase intention from the same website (Wong & Chau, 2013).

Kwek et al. (2010) indicated consumers online purchase intention was influenced by their past experience. Although online purchases were considered as more risky, past experience could reduce the perceived risk of consumers (Samadi & Yaghoob-Nejadi, 2009). Dholakia and Kimes (2011) studied on the different level of consumers' prior experience:

beginner, expert and heavy consumers. The study concluded the more favorable purchases made in the past, the higher the likelihood (expert and heavy) consumers will continue to repurchase at the website (Dholakia & Kimes, 2011). The result of this study was consistent with past studies and therefore confirmed past purchase experience as the important determinant in consumers' repurchases intention of Groupon (Dholakia & Kimes, 2011).

Consequently, the objective to examine the relationship between prior experience with repurchase intention of Groupon had been met. The research question, "Will prior experience positively impacts repurchase intention of Groupon?" was also answered in this research. We can therefore conclude there was a positive relationship between prior experience and repurchase intention of Groupon.

#### **5.2.4 Website Reputation**

RO<sub>4</sub>: To examine the relationship between website reputation with repurchase intention of Groupon.

RQ<sub>4</sub>: Will website reputation positively impacts repurchase intention of Groupon?

H<sub>4</sub>: There is a positive relationship between website reputation and repurchase intention of Groupon.

Referring Table 5.1, the result shows that website reputation had strong relationship with repurchase intention of Groupon. Besides from  $\beta$  of 0.205, website reputation had a p-value of 0.003 which was less than

0.05. Hence, website reputation was confirmed as the *second determinant* in this research that influenced the repurchase intention. This provided evidence that website reputation had significant relationship with consumers' repurchase intention of Groupon, *H<sub>4</sub> was supported*.

Kim and Lennon (2013) would like to understand how reputation and website quality brings on three areas: consumers' emotion, perceived risk, and purchase intention. Reputation of a website gives positive feedback on emotion, hence if consumers' have a positive perceived reputation on the website then consumers have better emotional attachment (Kim & Lennon, 2013). Reputation also reduces the perceived risk of consumers, so consumers feel safer to shop from a reputable online website (Kim & Lennon, 2013). Reputation variable increase consumers' positive feeling and reduce the uncertainties hence this lead to purchase behavior from the website (Kim & Lennon, 2013). Research done by Shiau and Luo (2012) found out reputation and trust as the two leading factors influencing consumer satisfaction when using OGB websites. Shahrokh et al. (2013) study was emphasized on consumers' loyalty to repurchase intention in B2C e-commerce. Based on the finding, reputation plays a significant role in consumer loyalty and loyal consumers proved to repeat purchase at the same website. While Kim et al. (2008) showed website reputation has indirect effect on purchase behavior, and Mohammed and Alkubise (2012) also proved an indirect effect of website reputation on online advertisement, hence this lead to consumers' purchase intention. The findings in past studies were consistent with the fourth hypothesis tested in this study.

Therefore, the objective to examine the relationship between website reputation with repurchase intention of Groupon had been met. The research question of "Will website reputation positively impacts repurchase intention of Groupon?" was answered in this research. Hence,



we can conclude there was a positive relationship between website reputation and repurchase intention of Groupon.

### 5.2.5 Website Usability

RO<sub>5</sub>: To examine the relationship between website usability with repurchase intention of Groupon.

RQ<sub>5</sub>: Will website usability positively impacts repurchase intention of Groupon?

H<sub>5</sub>: There is a positive relationship between website usability and repurchase intention of Groupon.

Website usability was proven *not to have significant impact* on consumers' repurchase intention of Groupon. With  $\beta$  of *0.096* and the p-value for website usability was 0.214, more than 0.05, thus, *H<sub>5</sub> was not supported* as there was insufficient evidences to relate both independent and dependent variable.

D. K. L. Chan (2013) studied on Taobao, a C2C e-commerce repurchase intention. Based on the study, website usability had no impact on online repurchase intention. Aljukhadar and Senecal (2009) found that consumers tend to perceive a website as easier to use when they were more experienced. Consumers required lesser time to get used to a website (Aljukhadar & Senecal, 2009). Consumers' website experience played a mediating effect between website usability and their behavioral intention (Aljukhadar & Senecal, 2009). According to Limayem, Hirt, and Cheung (2007), individual can become more familiar and carry out a behavior with

the least cognitive effort when the individual frequently behave the same way. The more frequent a user uses a system, the more familiar the user will be with the system. Gefen, Karahanna, and Straub (2003) indicated that repeat consumers tend to have higher website familiarity than potential consumers. As our respondents were those who had prior purchase experience of Groupon, they should have certain level of familiarity and experience in how to use Groupon's website. Due to the *mediating effect of familiarity and experience*, it was justifiable to explain why website usability *did not affect directly* on consumers' repurchase intention in our study.

Further, Davies (1989) addressed usefulness in being more influential than ease of use in influencing user's intention to use a system. When users perceive a system is useful for them to achieve certain objective, they can tolerate to some extent difficulty in the usage of system (Davies, 1989). Thus, consumers were more likely to cope with difficulty of using the website when they perceived Groupon website as very useful to help them search for attractive deals and save money. Consumers might even be willing to learn how to familiarize themselves with the website when they were eager to hunt for discounted deals on Groupon website. Thus, this is the possible reason that consumers' repurchase intention was not positively influenced by website usability.

Hence, the objective to examine the relationship between website usability with repurchase intention of Groupon was met. The research question as mentioned above was answered but website usability brings no impact towards repurchase intention of Groupon. There was no significant relationship between website usability and repurchase intention of Groupon.

## **5.3 Implications of the Study**

The research findings had implications for both academicians and practitioners. Thus, theoretical implication and managerial implication of this research will be discussed in this part.

### **5.3.1 Theoretical Implications**

This study found out prior experience, website reputation, and low price had significant relationship with consumers' repurchase intention of Groupon whereas eWOM and website usability did not have significant relationship with repurchase intention. Prior experience, website reputation, and low price only contributed 39% of variation in repurchase intention. This indicated that the remaining 61% of variance might come from other variables not included in this study. Future researchers are advised to include more variables to obtain a more complete explanation for the variance. As there was lack of past studies about consumers' OGB repurchase intention in Malaysia context, this study will provide some theoretical understanding about consumer behavior of OGB industry for researchers.

### 5.3.2 Managerial Implications

Knowing that consumers are the most valuable asset for a business, thus how to win their heart to return to same website or company and arouse them to spend more is the main concern for a business. In order to win their heart, built of *long term relationship* is inevitable and essential for a business. Notably rapid changes and intense rivalry in e-commerce environment in Malaysia, capabilities of companies to have well understanding about consumers' behavior and fulfill consumers' need and want are important to consolidate position of businesses. Practitioners have to capture what is playing in the mind of consumers before they can effectively plan strategies to retain their consumers. The results acquired from the analysis are useful for managers to understand needs and wants of consumers, and in turn to design appropriate *consumer retention strategy* and marketing tools to encourage consumers to return. Based on the findings that had been discussed, prior experience (H<sub>3</sub>), website reputation (H<sub>4</sub>), and low price (H<sub>2</sub>) significantly influenced consumers' repurchase intention of Groupon. Thus, the decision makers in Groupon should take note of these factors when planning their movement to encourage consumers to revisit and repurchase from the company.

Although Malaysians are known to have high price sensitivity (Ng, 2011), however, the results showed that price is not the only main concern for consumers. They still emphasize on aspects other than price in Malaysia. Price is not the only weapon for OGB business to sustain in the industry. In this research, satisfied *prior experience* was the *most important factor* in determining consumers' repurchase intention of Groupon. Majority of respondents depend on their past purchase experience either positive or negative ones to determine their continuity to repurchase from the same websites. Logically, no matter how good the deal is, consumers would be reluctant to return to the same websites if they had bad previous

experiences. That deters them from buying again from the same websites. Particularly when it comes to e-commerce, it is still considered risky in the mind of consumers due to the virtual characteristics and transaction method of e-commerce. For instances, majority of Malaysians still express their concern with security of online payment (The Nielsen Company, 2014a). Consumers with favorable experience would alleviate perceived risk whereas unfavorable experience would increase perceived risk (Samadi & Yaghoob-Nejadi, 2009). Capabilities of companies to provide good purchasing experience to consumers are the most important factor to attract consumers to return to same companies. Companies that are able to bring excellent purchase experience for consumers are more superior to competitors. They will gain a competitive advantage in the industry. Many companies start to emphasize on how to improve satisfaction of consumers and aim to build long term relationship with them. Besides from *technical or operational aspects* on how easy to get use to websites, integration from other aspects such as customer service and service quality from the company are also important to constitute a good experience for consumers. The extent to which consumers can easily place and cancel an order, contact the company, claim for returns, make payment, and receive efficient delivery determine whether the online experience is favorable for consumers (Novak, Hoffman, & Yung, 2000).

Firstly, Groupon has to keep improving the *browsing experience* of consumers by providing simple and organized website that is easy to use with clear information provided. Learning from Groupon's past experience on website problems in other oversea markets (Bildner, 2013; Nateog, 2013), it is recommended that the IT personnel of Groupon designs a bigger capacity for the website so that the website can still operate if there is occasional high browsing rate. In other words, when there are attractive deals that arouse large group of consumers to suddenly rush into Groupon's websites, consumers can still get the deals rather than being disappointed by sudden crash in the website. Secondly, it is suggested that

Groupon upgrades the *quality of customer service personnel*. The personnel has to handle issues in terms of consumers order, delivery, complaint, return, refund, and others in a proper way to ensure consumers' satisfaction. When consumers have satisfied experience with Groupon, it is more likely for them to return to Groupon. Occasionally, Groupon still have customer services problems such as coupon redemption or refund claims (Britton, 2011; Schneider & Gersting, 2013). Although Groupon had taken corrective action towards the complaints, more or less of this would affect consumers' experience with Groupon, which might reduce their willingness to return to the company. The training of a group of capable employees in handling consumers is crucial to ensure responsiveness to consumers' need and want, especially for Groupon because its business involves activities such as order placement, delivery service, and also consumer dealings. By creating value and ensuring favorable experience for consumers, this could help the company to increase consumers' repurchase intention and retain them in long term. Similarly, these several suggestions are applicable for other OGB websites to improve their websites and service quality in order to improve consumers' experience.

The *second most important* variable is *website reputation*. Groupon should focus on maintaining its good reputation and avoid damaging it. Groupon should take both proactive and reactive moves to protect its reputation. *Proactive movement* includes planning on how to handle possible reputation threats whereas *reactive movement* requires prompt corrective action to save company's reputation after problems arises (Smith, 2011). Groupon has to promptly handle any problems raised by consumers on online platform. Once the personnel is able to solve the problems with good attitude and professionally, this could avoid any problematic issues from spreading to the public and possibly a snowball effect following that might hurt the company's reputation. It is necessary for Groupon to enhance its strategy on public relation and reputation

management of the company. Nonetheless, sometimes there might be some incident that was caused by poor performance of vendors that in turn affects Groupon's reputation. By putting additional effort to ensure the *quality of vendors*, Groupon could protect their own reputation as well as the reputation of vendors, which is a win-win situation for both parties. Before Groupon offers deals of a particular vendor on its website, it is best that Groupon performs a background checking of vendors first to ensure they are registered business and past records on reasonable responsibility in business. Furthermore, Groupon should collaborate and communicate with vendors to have a booking list or suggestion less on busy period for consumers who buy from its website to visit the store. This could reduce consumers' disappointment for unsatisfied service due to vendors being too occupied in serving consumers that flood their retail stores. Other OGB websites are also advised to take these recommendations into consideration when conducting their businesses.

*Low price* is the *third determinants* for consumers' repurchase intention. As the nature of OGB business model focuses on price, it is crucial for Groupon to continue offer low price deals in order to attract and retain consumers. Groupon should bear in mind that consumers will feel disappointed when they realized there are price inconsistency in deals offered by Groupon and vendors (Britton, 2011). Thus, the company needs to ensure consistent pricing between Groupon and vendors and provide deals that meet consumers' expectation. Other OGB websites are advised to offer worthy deals same as what they promised to their consumers. Groupon should have introduced more deals that really bring value to consumers and greater discount as compared to other OGB websites. However, whether Groupon is able to offer deals that superior to its competitors depends on the decisions of vendors on how much discounts they can offer. Consumers can easily switch to competitors when same vendors offer their deals in different OGB websites. Hence, Groupon has to *maintain good relationship* with vendors and encourage them to offer

deals that are exclusive for Groupon websites. On the other hand, Groupon could introduce a *loyalty programme* that offers special discount to consumers who are loyal to Groupon, by rewarding them with points after each purchase.

Noted that although findings in this research reflected that *eWOM and website usability* exert no impact on consumers' repurchase intention of Groupon, this do not necessarily mean that company can be complacent with these two aspects. Sometimes negative eWOM from minority consumers might cause a snowball effect, which in turn leads to other consumers feeling lack of confidence in Groupon and this will prevent them from returning to the company. Besides, website that is not user-friendly and not up-to-date could frustrate consumers and cause them to switch to other competitors. Hence, while Groupon should put more emphasis on improving prior experience, website reputation, and low price of consumers, it is recommended that the company keep in mind to *monitor these two aspects* as well.

## 5.4 Limitations of the Study

During the process of conducting this research, several limitations faced by us are identified. It is very important to report these limitations as future researches can be conducted in a better way and future researchers can find ways to improve the research.

Firstly, there is *lack of diversity of respondents' demographic profile* from the data collected in this research. Although this research had used convenience, judgment, and snowball sampling methods to increase the chances to approach



respondents from different demographic background, however, the sample collected cannot truly represent each ethnic group, age group, and gender in Malaysia. With snowball sampling method, there is a possible problem that respondents might unintentionally forward the hyperlink to Malaysians who currently staying abroad or foreigners currently living in Malaysia. Besides, convenience sampling was unable to provide representative information for whole population because not every individual in the population had equal chances to be chosen (Du Plooy, 1995). Some study unit such as age, sex, and race might be over-selected or under-selected (Khan, Conroy, & Ahmad, 2012). Thus, it is challenging to gain respondents with a more balanced amount for each sub group and to be distributed in different states in order to obtain a more thorough finding. Referring to Roscoe (1975), it is required to obtain at least 30 respondents for each sub group when the samples consist of sub-samples such as gender and races. As the respondents are mostly Chinese, other major ethnic groups, Malay and Indian only have a group of less than 30 respondents with usable information participated in this study. Although the effect of different ethnicity, age, and gender on repurchase intention are not the main concerns in this study, however this research was unable to conduct additional statistical test to reflect whether consumers' repurchase intention of Groupon are related to those sub groups as the data collected showed imbalance in number of each sub group.

Secondly, there is limitation in terms of collecting data from *respondents located in various locations*. Due to time and cost constraints, it was difficult to approach sufficient amount of target respondents with merely distributing the hardcopy questionnaires in different states in Malaysia. Meanwhile, online questionnaires are even harder for us to track and categorize the respondents' location. There is a likelihood that most of the respondents come from only several limited areas and no guarantee that respondents from different states had been included in this research. Therefore, it is inappropriate to use the data collected to generalize the overall population.

Thirdly, *online survey* might have some *drawbacks* for research purpose. One of the limitations we encountered at the end of the survey was that Google Documents were unable to restrict the respondents from doing multiple submissions (Anderson, 2012). Hence, there is a weakness whereby the results will be affected if there are some respondents intentionally or unintentionally submitted questionnaires for more than once. This might reduce the quality of the overall data analyzed in Chapter 4. Despite this, online survey is the most cost effective way to reach wide range of respondents within limited time. However, we were unable to provide immediate response if respondents had any question regarding the questionnaire. Hence, respondents might have continued to answer the questions even when they do not fully understand the questionnaire, which would affect the accuracy of their answers as a result.

Fourthly, flaws in *questionnaire design* were unavoidable although the questionnaire had been amended to have fewer questions after pilot test. A few respondents who provided feedback during the survey period indicated that our questionnaire was too long and this caused them to feel exhausted especially when answering questions in later part of the questionnaire. This can lead to a possible problem that accuracy of data might be affected when some respondents might not ponder to answer the latter part of the questionnaire. Hence, some unusable questionnaires had been removed during the process of questionnaire checking to reduce the likelihood of such questionnaires affecting the quality of data collected. In addition, when English was the main language in the questionnaire, there was a possibility that this research might not reach more potential respondents because different people have different level of understanding for this language. Some people might be reluctant to join the survey merely because of the difficulty in fully understanding the questions. Besides, while the use of fixed-alternative questionnaire could facilitate the respondents to answer the question, it also limited us from obtaining different answers in the case where some respondents might have different opinions.

Lastly, there are *limited past studies* specifically studied on the topic of OGB in Malaysia's context. This research can only rely on similar information that were related to online buying, online shopping, and online repurchase intention, which were closer related to OGB as part of e-commerce to form the basis for literature reviews. Majority of the journals and articles were prepared in the context of other countries. Therefore, this research might only show the general statements for OGB rather than specifically reflect the situation in Malaysia. On the other hand, this study was limited in the sense that it missed out other respondents who had use different OGB websites because this research only focused on Groupon to study on OGB. Furthermore, this research only paid attention in studying the mentioned five factors but excluded other possible variables that might influence consumers' repurchase intention. When it comes to study on human behavior, there are many factors that could affect consumers' decision making. This research can only study on the general attributes of consumers' repurchase intention of Groupon. Therefore, there are still other aspects related to repurchase intention that has yet to be investigated thoroughly.

As this research met the *satisfactory sample size* of more than 30 and less than 500 (Roscoe, 1975), which was a total 287 respondents with usable criterion, these limitation did not affect the reaching of research objectives and significance of the research findings. However, we agree with the perspectives of Griffiths (1998) and Patton (2002) that there is no perfect research in this world, what we can do is improve it in future researches. In general, the limitation stated above are acknowledged but they *do not detract* from the significance of findings but merely providing platforms for future researchers to explore more insight about Malaysians' consumption patterns in OGB sector.

## 5.5 Recommendations for Future Research

From the limitation as mentioned earlier, some recommendations have been suggested to improve the quality of future researches and other possible perspectives to study OGB industry in the context of Malaysia. First of all, it is recommended to collect data that consist of *balance amount for each sub group* and is distributed in *wider regions* in order to gain more comprehensive results for the research. In terms of non-probability sampling, other than convenience, judgment, and snowball sampling, quota sampling could be adopted at the same time to set quota for amount of each sub group such as age, gender, and ethnic group. *Quota sampling* involves fixing a quota to select certain amount of respondents from each sub group and this method is commonly used to collect demographic data (Monette, Sullivan, DeJong, & Hilton, 2014). This could overcome the inability of convenience, judgment, and snowball sampling to collect sufficient amount of respondents for each sub group. Based on 2010 Population and Housing Census of Malaysia, there are 67.40% of Bumiputera, 24.60% of Chinese, 7.30% of Indians, and the remaining 0.70% including other ethnicity group in Malaysia (Department of Statistic, 2011). It is more appropriate if the researchers who perform related research are able to collect data from respondents according to proportion of ethnic group, for example collect data from higher proportion of Malay respondents as Malays are the largest number ethnic group in Malaysia, followed by Chinese, Indian, and other minority ethnic group. A balance number of respondents are necessary for each sub group when it comes to studying the effect of gender and age differences on consumers' repurchase intention on OGB websites.

Secondly, *additional questions* could be included in online survey to ask the respondents to fill in which state they are from this would facilitate categorization of the respondents in terms of location. Besides, it is advisable to distribute hardcopy questionnaires to different states if there is sufficient time and resources. Therefore, the researchers can collect more complete data to reflect the population

of Malaysia and form a general conclusion from the sample collected. In addition, future researchers can do a comparison of respondents from different states to study any difference in their repurchase intention of Groupon and other similar OGB websites. Thirdly, *reminders* could be placed at the cover page of the questionnaire to remind respondents that they are only required to fill in the questionnaire once. Meanwhile, specific password used for limited time can be applied to track multiple submissions (Rogelberg et al., 2002). In fact, researchers can prevent the problem of multiple submissions more thoroughly by adopting paid service provided by software companies to increase the security level of the survey (Bhaskaran & LeClaire, 2010; Moutinho & Hutcheson, 2011). Respondents who had participated in the survey are identified with specific ID numbers, cookies and tracking system (Bhaskaran & LeClaire, 2010). In addition, contact numbers and e-mails can be stated on cover page to facilitate respondents if they wish to contact the researchers to clarify their doubts with the questionnaire.

Fourthly, although *long questionnaire* might reduce the interest of respondents to answer the questionnaire, it is *unavoidable* in order to reach the research objectives (Hughes, 2012). It is necessary to collect the data required to test the hypotheses. The only way that could be done to reduce the negative feelings of respondents is by designing layout that can attract respondents' attention to continue answering the questionnaire (Neelankavil, 2007). If sufficient resources are available, incentives or small gifts could be rewarded to respondents to encourage them to finish the long questionnaire. Besides, *multi-lingual questionnaire* could increase the willingness of respondents to participate in the survey because they have better understanding in reading languages they are more comfortable with. Hence, questionnaire in different languages such as Bahasa Malaysia, Tamil, and Mandarin can be prepared. Respondents will be able to provide more accurate response because the multi-lingual questionnaire reduces the possible language barriers faced by respondents. Respondents are less likely to simply answer the questions if they understand the language. Besides, researchers can collect higher quality information faster because respondents will have lower

chance in having to ask the researchers to further explain to them any ambiguity. Subsequently, for other researchers who intend to have an in depth understanding about consumers' repurchase intention, it is suggested to use qualitative research to allow the respondents to share their feelings to overcome the limitation of fixed-alternative questions.

Lastly, rather than narrowing down the scope to specifically study of Groupon, future researchers can also *study on different OGB websites* simultaneously and make comparison on the differences in their repurchase intention from OGB websites. As this research only focused on five variables, we might have omitted other relevant variables that is crucial in determining consumers' repurchase intention. Thus, other variables should be included to further investigate other factors that affect consumers' repurchase intention on OGB websites.

## **5.6 Chapter Conclusion**

After this study was conducted, not all independent variables were proven to be the influencer for consumers' repurchases intention. Out of five independent variables, only three showed significant relationship with the dependent variable which were prior experience, website reputation, and low price. While the other two independent variables: eWOM and website usability's hypotheses were not supported, this means that they are insignificant towards consumers' repurchase intention. Findings addressed that prior experience, website reputation, and low price as the significant predictors in influencing consumers' repurchase intention of Groupon. Hence, companies have to place priority in continuously ensuring that consumers have good purchase experience, have satisfied online experience, and enjoy great deals. No doubt this study showed that there is insignificant relationship between eWOM and website usability with repurchase intention,

nevertheless companies should keep their eyes in maintaining their reputation and website features as these are critical for an company to survive in long term.

Although this research was done under a limited related past researches, this is the beginning for future researchers to get a better understanding on factors influencing consumers' repurchase intention of Groupon. As mentioned by Chapman (1979), the term research carries the meaning of "searching again". Furthermore, there is limited research about OGB in Malaysia as this industry only becomes a popular topic in this country in recent years. It is still a long journey to develop an in depth understanding about OGB industry in our country. Hence, this research encourages more future researchers in exploring this topic in order to find out the relevant independent variables.

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**APPENDICES**

Appendix A: Types of Fixed-alternative Questions

<b>Types of Fixed-Alternative Question</b>	<b>Example</b>
Simple-dichotomy (dichotomous)	<p>Have you ever purchased online?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (This is the end of the questionnaire, Thank You)</p>
Frequency-determinant	<p>How many times have you purchased in the past six (6) months through Groupon?</p> <p><input type="checkbox"/> Never during this period</p> <p><input type="checkbox"/> 1 to 3 times</p> <p><input type="checkbox"/> 4 to 6 times</p> <p><input type="checkbox"/> 7 to 9 times</p> <p><input type="checkbox"/> 10 times or more</p>
Checklist	<p>What have you purchased through Groupon? (May select more than one option).</p> <p><input type="checkbox"/> Food/ Beverage</p> <p><input type="checkbox"/> Clothing/ Accessory/ Shoes</p> <p><input type="checkbox"/> Toys</p> <p><input type="checkbox"/> Book/ DVD/ CD</p> <p><input type="checkbox"/> Computer/ Electronics</p> <p><input type="checkbox"/> Others</p>

Source: Developed for the research

Appendix B: Amendment in Questions

<b>Variable</b>	<b>Before</b>	<b>After</b>
Repurchase Intention	4. If I could, I would like to continue using Groupon to purchase <b>products</b> .	3. If I could, I would like to continue using Groupon to purchase <b>products and/or services</b> .
	6. It is likely that I will continue purchasing <b>products</b> from Groupon in the future.	4. It is likely that I will continue purchasing <b>products and/or services</b> from Groupon in the future.
	7. I will pay close attentions to the <b>products and services</b> offered by Groupon.	5. I will pay close attentions to the <b>products and/or services</b> offered by Groupon.
	9. I intend to continuously purchase <b>products and services</b> from Groupon.	6. I intend to continuously purchase <b>products and/or services</b> from Groupon.
eWOM	5. I am influenced by <b>family</b> to purchase from Groupon website.	3. I am influenced by <b>family and friends</b> to purchase from Groupon website.
Low Price	3. I am not able to buy the same <b>product</b> at the same price offered by Groupon elsewhere.	1. I am not able to buy the same <b>product and/or services</b> at the same price offered by Groupon elsewhere.
	4. In general, I will buy <b>products</b> from Groupon with reasonable prices.	2. In general, I will buy <b>products and/or services</b> from Groupon with reasonable prices.
	5. I tend to buy <b>products</b> I want offered by Groupon at the lowest price.	3. I tend to buy <b>products and/or services</b> offered by Groupon at the lowest price.
	7. When buying a product at Groupon, I look for the <b>product</b> which provides the highest discount.	5. When buying a product at Groupon, I look for <b>the product and/or service</b> which provide the highest discount.
	8. I consider it worth to purchase <b>product or service using discount price</b> through Groupon website	6. I consider it worth to purchase <b>product and/or service</b> through Groupon website than <b>other</b>

	than <b>purchase the same one for the full price.</b>	<b>similar websites.</b>
	10. I will buy <b>product or service</b> from Groupon if its price is lower than others.	8. I will buy <b>products and/or services</b> from Groupon if its price is lower than others.
Prior Experience	7. I feel <b>competent</b> of using Groupon <b>web site.</b>	5. I am <b>familiar</b> with Groupon <b>website interface.</b>
Website Reputation	1. Groupon has a good reputation in the market.	1. <b>I think</b> Groupon has a good reputation in the market.
	3. Groupon has a good reputation for being honest.	2. <b>I think</b> Groupon has a good reputation for being honest.
	5. Groupon is well known in the online community.	4. <b>I think</b> Groupon is well known in the online community.
	6. Groupon has an excellent public image compared to its competitors.	5. <b>I think</b> Groupon has an excellent public image compared to its competitors.
	7. Groupon is highly appreciated by its customers.	6. <b>In my opinion,</b> Groupon is highly appreciated by its customers.
	8. Groupon is reputable for offering quality information.	7. <b>I think</b> Groupon is reputable for offering quality information.
	9. Groupon is reputable for offering quality services.	8. <b>I think</b> Groupon is reputable for offering quality services.
Website Usability	2. Groupon website is <b>useful</b> for shopping.	2. Groupon website is <b>convenient</b> for shopping.
	11. Groupon purchasing process is <b>simple and fast.</b>	6. Groupon purchasing process is <b>simple.</b>
		7. Groupon purchasing process is <b>fast.</b>
20. Groupon has excellent <b>breadth</b> of product and service choices.	10. Groupon has excellent <b>range</b> of product and service choices.	



Variable	Before	After
Website Usability	22. I enjoy my <b>experience surfing</b> Groupon website.	11. I enjoy my <b>surfing experience</b> on Groupon website.

Source: Developed for the research

Appendix C: Questions Removed After Pilot Test

Variable	Question Removed
Repurchase Intention	<ol style="list-style-type: none"> <li>1. I plan to continue making purchases at the Groupon website.</li> <li>2. I plan to continue using Groupon to purchase products in the future.</li> <li>3. I will repurchase the discount coupons from Groupon.</li> </ol>
eWOM	<ol style="list-style-type: none"> <li>1. My friends' and relatives' opinions about Groupon are important to me.</li> <li>2. My friends or relatives often recommend Groupon to me.</li> </ol>
Low Price	<ol style="list-style-type: none"> <li>1. Products offered by Groupon are priced reasonably.</li> <li>2. Products offered by Groupon are priced at a satisfactory level according to my needs.</li> </ol>
Prior Experience	<ol style="list-style-type: none"> <li>1. I often buy discount coupons with Groupon.</li> </ol>
Website Reputation	<ol style="list-style-type: none"> <li>1. Groupon is a well-known group-buying website.</li> </ol>
Website Usability	<ol style="list-style-type: none"> <li>1. Using Groupon website enhances my shopping effectiveness.</li> <li>2. Groupon website provides many support tools for customers.</li> <li>3. Groupon information is regularly updated on website.</li> <li>4. Groupon information on website is of high reference for buyers.</li> <li>5. Groupon customer service staff always responds to my questions satisfactorily.</li> <li>6. Using Groupon service is easy for me.</li> <li>7. I find my interaction with Groupon service is clear.</li> <li>8. It is easy for me to become skillful in the use of Groupon services.</li> <li>9. Overall, I find the use of Groupon services easy.</li> <li>10. It is effective to find the products or services I need in Groupon.</li> <li>11. It is easy to interact and process information in Groupon.</li> <li>12. I have full control when I surf Groupon website.</li> </ol>

Source: Developed for the research

Appendix D: Constructs and Measurement Items

Section	Construct	Measurement Item
A	General Information	<ol style="list-style-type: none"> <li>1. Have you ever purchased online?</li> <li>2. Have you purchased from Groupon website before?</li> <li>3. Other than Groupon, have you purchased from the following group buying websites before?</li> <li>4. How many times have you purchased in the past six (6) months through Groupon?</li> <li>5. What have you purchased through Groupon?</li> </ol>
B	Repurchase Intention	<ol style="list-style-type: none"> <li>1. I intend to continue making purchases at the Groupon website.</li> <li>2. I will continue to make purchases at the Groupon website.</li> <li>3. If I could, I would like to continue using Groupon to purchase products and/or services.</li> <li>4. It is likely that I will continue purchasing products and/or services from Groupon in the future.</li> <li>5. I will pay close attentions to the products and/or services offered by Groupon.</li> <li>6. I intend to continuously purchase products and/or services from Groupon.</li> <li>7. I will recommend Groupon to my friends and relatives.</li> </ol>
	eWOM	<ol style="list-style-type: none"> <li>1. The users' comments in online forums on Groupon are useful.I will continue to make purchases at the Groupon website.</li> <li>2. The users' comments in social media on Groupon are valuable.</li> <li>3. I am influenced by family and friends to purchase from Groupon website.</li> <li>4. I am influenced by blogs and Internet forums in my purchase decision of Groupon.</li> </ol>
	Low Price	<ol style="list-style-type: none"> <li>1. I am not able to buy the same product and/or services at the same price offered by Groupon elsewhere.</li> <li>2. In general, I will buy products and/or services from Groupon with reasonable prices.</li> <li>3. I tend to buy products and/or services offered by Groupon at the lowest price.</li> <li>4. When it comes to Groupon, I rely heavily on price.</li> <li>5. When buying a product at Groupon, I look for the product and/or service which provide the highest discount.</li> <li>6. I consider it worth to purchase product and/or service through Groupon website than other similar</li> </ol>

		<p>websites.</p> <p>7. I am satisfied with the discount price offered by Groupon.</p> <p>8. I will buy products and/or services from Groupon if its price is lower than others.</p>
	Prior Experience	<p>1. I am familiar in using Groupon.</p> <p>2. I am familiar with the processes of purchasing in Groupon.</p> <p>3. I receive excellent services from Groupon.</p> <p>4. Overall, my experiences with Groupon are positive.</p> <p>5. I am familiar with Groupon website interface.</p> <p>6. I feel comfortable when using Groupon website.</p> <p>7. I feel that Groupon website is easy to use.</p>
	Website Reputation	<p>1. I think Groupon has a good reputation in the market.</p> <p>2. I think Groupon has a good reputation for being honest.</p> <p>3. In my opinion, Groupon is favorably regarded.</p> <p>4. I think Groupon is well known in the online community.</p> <p>5. I think Groupon has an excellent public image compared to its competitors.</p> <p>6. In my opinion, Groupon is highly appreciated by its customers.</p> <p>7. I think Groupon is reputable for offering quality information.</p> <p>8. I think Groupon is reputable for offering quality services.</p>
	Website Usability	<p>1. Using Groupon website increases my shopping performance.</p> <p>2. Groupon website is convenient for shopping.</p> <p>3. Groupon website designs are user-friendly.</p> <p>4. When in need, I have no problem contacting Groupon customer service staff.</p> <p>5. Groupon customer service staff always responds to my questions quickly.</p> <p>6. Groupon purchasing process is simple.</p> <p>7. Groupon purchasing process is fast.</p> <p>8. I enjoy purchasing at Groupon website.</p> <p>9. It is useful to conduct transactions as it promises in Groupon.</p> <p>10. Groupon has excellent range of product and service choices.</p> <p>11. I enjoy my surfing experience on Groupon website.</p>
C	Demographic Profile	<p>1. Gender</p> <p>2. Age</p> <p>3. Marital status</p>

		<p>4. Ethnic group</p> <p>5. Academic qualification</p> <p>6. Profession</p> <p>7. Monthly income</p>
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Source: Developed for the research

Appendix E: Scale of Measurement for Each Section

<b>Section</b>	<b>Item</b>	<b>Scale of Measurement</b>
A	<p>Have you ever purchased online?</p> <p>Have you purchased from Groupon website before?</p> <p>Other than Groupon, have you purchased from the following group buying websites before?</p> <p>What have you purchased through Groupon?</p>	Nominal
	How many times have you purchased in the past six (6) months through Groupon?	Interval
B	<p>Repurchase Intention</p> <p>eWOM</p> <p>Low Price</p> <p>Prior Experience</p> <p>Website Reputation</p> <p>Website Usability</p>	Interval
C	<p>Gender</p> <p>Marital Status</p> <p>Ethnic Group</p> <p>Profession</p>	Nominal
	<p>Age</p> <p>Academic Qualification</p>	Ordinal
	Monthly Income	Ordinal

Source: Developed for the research

Appendix F: Guides for Selecting Appropriate Descriptive Statistics

Level of Measurement	Type of scale			
	Nominal	Ordinal	Interval	Ratio
Central tendency (characterizes the most typical response)	<ul style="list-style-type: none"> <li>Mode</li> </ul>	<ul style="list-style-type: none"> <li>Mode</li> <li>Median</li> </ul>	<ul style="list-style-type: none"> <li>Mode</li> <li>Median</li> <li>Mean</li> </ul>	<ul style="list-style-type: none"> <li>Mode</li> <li>Median</li> <li>Mean</li> </ul>
Dispersion (variability) (indicates how similar the responses are)	<ul style="list-style-type: none"> <li>Frequency or percentage distribution</li> </ul>	<ul style="list-style-type: none"> <li>Cumulative percentage distribution</li> <li>Range</li> <li>Minimum/Maximum</li> </ul>	<ul style="list-style-type: none"> <li>Standard deviation</li> <li>Range</li> <li>Variance</li> <li>Minimum/Maximum</li> </ul>	<ul style="list-style-type: none"> <li>Standard deviation</li> <li>Range</li> <li>Variance</li> <li>Minimum/Maximum</li> </ul>
Diagram	<ul style="list-style-type: none"> <li>Bar chart</li> <li>Pie chart</li> <li>Dot chart</li> <li>Frequency table</li> </ul>	<ul style="list-style-type: none"> <li>Bar chart</li> <li>Pie chart</li> <li>Dot chart</li> <li>Frequency table</li> </ul>	<ul style="list-style-type: none"> <li>Bar chart</li> <li>Pie chart</li> <li>Histogram</li> <li>Box plot</li> <li>Grouped frequency Table</li> <li>One - way scatterplot</li> </ul>	<ul style="list-style-type: none"> <li>Histogram</li> <li>Box plot</li> </ul>

Adapted from: Burns, A. C., & Bush, R. F. (2003). *Marketing research: Online research applications* (4th ed.). Upper Saddle River, NJ: Prentice Hall;  
 Giventer, L. L. (2008). *Statistical analysis for public administration* (2nd ed.). Sudbury, MA: Jones and Bartlett Publishers; and Neill, J. (2014). *Summary of the four levels of measurement: Appropriate descriptive statistics and graphs*. Personal Collection of J. Neill, University of Canberra, Bruce, Australia.

Appendix G: Summary of the Research

<b>Research Objective</b>	<b>Research Question</b>	<b>Hypothesis</b>	<b>Outcome</b>
RO <sub>1</sub> : To examine the relationship between eWOM with repurchase intention of Groupon.	RQ <sub>1</sub> : Will eWOM positively impacts repurchase intention of Groupon?	H <sub>1</sub> : There is a positive relationship between eWOM and repurchase intention of Groupon.	Rejected
RO <sub>2</sub> : To examine the relationship between low price with repurchase intention of Groupon.	RQ <sub>2</sub> : Will low price positively impacts repurchase intention of Groupon?	H <sub>2</sub> : There is a positive relationship between price and repurchase intention of Groupon.	Supported
RO <sub>3</sub> : To examine the relationship between prior experience with repurchase intention of Groupon.	RQ <sub>3</sub> : Will prior experience positively impacts repurchase intention of Groupon?	H <sub>3</sub> : There is a positive relationship between prior experience and repurchase intention of Groupon.	Supported
RO <sub>4</sub> : To examine the relationship between website reputation with repurchase intention of Groupon.	RQ <sub>4</sub> : Will website reputation positively impacts repurchase intention of Groupon?	H <sub>4</sub> : There is a positive relationship between website reputation and repurchase intention of Groupon.	Supported
RO <sub>5</sub> : To examine the relationship between website usability with repurchase intention of Groupon.	RQ <sub>5</sub> : Will website usability positively impacts repurchase intention of Groupon?	H <sub>5</sub> : There is a positive relationship between website usability and repurchase intention of Groupon.	Rejected

Source: Developed for the research

Appendix H: Questionnaire



**UNIVERSITI TUNKU ABDUL RAHMAN**  
**FACULTY OF ACCOUNTANCY AND MANAGEMENT**  
**BACHELOR OF INTERNATIONAL BUSINESS (HONS)**  
**QUESTIONNAIRE SURVEY**

Dear respondents,

We are final year students from Universiti Tunku Abdul Rahman (UTAR), Faculty of Accountancy and Management (FAM) majoring in Bachelor of International Business (Hons). We are conducting our final year research project on “**Factors Influencing Consumers’ Repurchase Intention of Groupon**”. Our objective of this survey is to understand the relationship between the five variables and consumers’ group buying repurchase intention.

This questionnaire consists of three sections and it will take approximately 10 minutes to complete. Please be informed that all information collected from this survey is solely for final year report writing. Under the Personal Data Protection Act (PDPA) 2010, we assure you that all information collected will be kept confidential and no publications will contain information from which you may be identified.

We thank you for your time and effort in completing this questionnaire.

From:

<b>NAME</b>	<b>STUDENT ID</b>
Andrew Ong Lek Perng	13UKB01392
Chong Fo Thing	12UKB04265
Tham Yin Fong	11UKB01668

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I hereby acknowledge that I have read and understood the purpose of providing my personal data from this survey solely for final year report writing.

Signature,

\_\_\_\_\_

### Section A: General Information

In this section, we would like to learn about your online buying habit. Please **tick** (✓) your answer for each question below.

1. Have you ever purchased online?
  - Yes
  - No (This is the end of the questionnaire, Thank You)
  
2. Have you purchased from Groupon website before?
  - Yes
  - No (This is the end of the questionnaire, Thank You)
  
3. Other than Groupon, have you purchased from the following group buying websites before?  
(May select more than one option).

<input type="checkbox"/> Living Social	<input type="checkbox"/> JackCow
<input type="checkbox"/> MyDeal	<input type="checkbox"/> Hulala
<input type="checkbox"/> Dealmates	<input type="checkbox"/> I Love Discounts
<input type="checkbox"/> Stardeal	<input type="checkbox"/> Others
<input type="checkbox"/> GroupMe	<input type="checkbox"/> I do not know any of it
<input type="checkbox"/> MilkADeal	
  
4. How many times have you purchased in the past six (6) months through Groupon?
  - Never during this period
  - 1 to 3 times
  - 4 to 6 times
  - 7 to 9 times
  - 10 times or more
  
5. What have you purchased through Groupon? (May select more than one option).
  - Food/ Beverage
  - Clothing/ Accessory/ Shoes
  - Toys
  - Book/ DVD/ CD
  - Computer/ Electronics
  - Others



**Section B: Factors that influence Groupon repurchase intention**

Please **circle** your answer for each statements listed below to indicate the extent to which you agree or disagree with the following statements.

**Repurchase Intention:** The probability or willingness of consumers to continue using the website and engage in repurchase behavior from the same website.

No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
1	I intend to continue making purchases at the Groupon website.	1	2	3	4	5	6	7
2	I will continue to make purchases at the Groupon website.	1	2	3	4	5	6	7
3	If I could, I would like to continue using Groupon to purchase products and/or services.	1	2	3	4	5	6	7
4	It is likely that I will continue purchasing products and/or services from Groupon in the future.	1	2	3	4	5	6	7
5	I will pay close attentions to the products and/or services offered by Groupon.	1	2	3	4	5	6	7
6	I intend to continuously purchase products and/or services from Groupon.	1	2	3	4	5	6	7
7	I will recommend Groupon to my friends and relatives.	1	2	3	4	5	6	7

**Electronic Word-of-Mouth (eWOM):** Online word-of-mouth, product reviews, consumers' recommendations or conversations, reviews, and opinions that are posted through online channels.

No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
1	The users' comments in online forums on Groupon are useful.	1	2	3	4	5	6	7
2	The users' comments in social media on Groupon are valuable.	1	2	3	4	5	6	7
3	I am influenced by family and friends to purchase from Groupon website.	1	2	3	4	5	6	7
4	I am influenced by blogs and Internet forums in my purchase decision of Groupon.	1	2	3	4	5	6	7

**Low Price:** Based on consumer's perception of the good's price compared to other homogeneous goods offered by other brands or retailers.

No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
1	I am not able to buy the same product and/or services at the same price offered by Groupon elsewhere.	1	2	3	4	5	6	7
2	In general, I will buy products and/or services from Groupon with reasonable prices.	1	2	3	4	5	6	7
3	I tend to buy products and/or services offered by Groupon at the lowest price.	1	2	3	4	5	6	7
4	When it comes to Groupon, I rely heavily on price.	1	2	3	4	5	6	7

No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
5	When buying a product at Groupon, I look for the product and/or service which provide the highest discount.	1	2	3	4	5	6	7
6	I consider it worth to purchase product and/or service through Groupon website than other similar websites.	1	2	3	4	5	6	7
7	I am satisfied with the discount price offered by Groupon.	1	2	3	4	5	6	7
8	I will buy products and/or services from Groupon if its price is lower than others.	1	2	3	4	5	6	7

**Prior Experience:** Consumers with previous experience, familiarity, frequent visit to the website and engage in repurchase behavior from the same website.

No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
1	I am familiar in using Groupon.	1	2	3	4	5	6	7
2	I am familiar with the processes of purchasing in Groupon.	1	2	3	4	5	6	7
3	I receive excellent services from Groupon.	1	2	3	4	5	6	7
4	Overall, my experiences with Groupon are positive.	1	2	3	4	5	6	7
5	I am familiar with Groupon website interface.	1	2	3	4	5	6	7
6	I feel comfortable when using Groupon website.	1	2	3	4	5	6	7
7	I feel that Groupon website is easy to use.	1	2	3	4	5	6	7

**Website Reputation:** Based on trust, authority, aboutness, revisit, recommendation and rank.

No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
1	I think Groupon has a good reputation in the market.	1	2	3	4	5	6	7
2	I think Groupon has a good reputation for being honest.	1	2	3	4	5	6	7
3	In my opinion, Groupon is favorably regarded.	1	2	3	4	5	6	7
4	I think Groupon is well known in the online community.	1	2	3	4	5	6	7
5	I think Groupon has an excellent public image compared to its competitors.	1	2	3	4	5	6	7
6	In my opinion, Groupon is highly appreciated by its customers.	1	2	3	4	5	6	7
7	I think Groupon is reputable for offering quality information.	1	2	3	4	5	6	7
8	I think Groupon is reputable for offering quality services.	1	2	3	4	5	6	7

**Website Usability:** Ease of usage for new visitors visiting the website.

No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
1	Using Groupon website increases my shopping performance.	1	2	3	4	5	6	7
2	Groupon website is convenient for shopping.	1	2	3	4	5	6	7
3	Groupon website designs are user-friendly.	1	2	3	4	5	6	7

Factors Influencing Consumers' Repurchase Intention of Groupon

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No.	Question	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree or Disagree	Somewhat Agree	Agree	Strongly Agree
4	When in need, I have no problem contacting Groupon customer service staff.	1	2	3	4	5	6	7
5	Groupon customer service staff always responds to my questions quickly.	1	2	3	4	5	6	7
6	Groupon purchasing process is simple.	1	2	3	4	5	6	7
7	Groupon purchasing process is fast.	1	2	3	4	5	6	7
8	I enjoy purchasing at Groupon website.	1	2	3	4	5	6	7
9	It is useful to conduct transactions as it promises in Groupon.	1	2	3	4	5	6	7
10	Groupon has excellent range of product and service choices.	1	2	3	4	5	6	7
11	I enjoy my surfing experience on Groupon website.	1	2	3	4	5	6	7

### Section C: Demographic Profile

In this section, we would like to know some basic background information about you. Please **tick (√)** the appropriate answer.

1. Gender
  - Male
  - Female
  
2. Age
  - 24 and below
  - 25-34
  - 35-44
  - 45-54
  - 55 and above
  
3. Marital Status:
  - Single
  - Married
  - Divorce/ Widow/ Separated
  
4. Ethnic Group:
  - Malay
  - Chinese
  - Indian
  - Others
  
5. Academic Qualification:
  - SPM / O Level
  - STPM / A Level
  - Undergraduate
  - Postgraduate (Masters / MBA/ Ph. D)
  - Others
  
6. Profession:
  - Student
  - Executive
  - Manager
  - Business Owner
  - Professional (Accountant, Doctor, Engineer, etc)
  - Academician
  - Housewife
  - Others
  
7. Monthly Income:
  - Below RM 1, 000
  - RM 1, 000 –RM 2, 999
  - RM 3,000 – RM 4,999
  - RM 5,000 and above

This is the end of the questionnaire, thank you.

Appendix I: SPSS Outputs

**1. SPSS Output: Respondent Demographic Profile**

**Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	72	25.1	25.1	25.1
	Female	215	74.9	74.9	100.0
	Total	287	100.0	100.0	

**Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	24 and below	186	64.8	64.8	64.8
	25-34	73	25.4	25.4	90.2
	35-44	22	7.7	7.7	97.9
	45-54	3	1.0	1.0	99.0
	55 and above	3	1.0	1.0	100.0
	Total	287	100.0	100.0	

**Marital**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	247	86.1	86.1	86.1
	Married	39	13.6	13.6	99.7
	Divorce/ Widow/ Separated	1	.3	.3	100.0
	Total	287	100.0	100.0	

**Ethnic**

	Frequency	Percent	Valid Percent	Cumulative Percent
Malay	27	9.4	9.4	9.4
Chinese	225	78.4	78.4	87.8
Valid Indian	28	9.8	9.8	97.6
Others	7	2.4	2.4	100.0
Total	287	100.0	100.0	

**Academic**

	Frequency	Percent	Valid Percent	Cumulative Percent
SPM / O Level	19	6.6	6.6	6.6
STPM / A Level	15	5.2	5.2	11.8
Undergraduate	180	62.7	62.7	74.6
Valid Postgraduate (Masters / MBA/ Ph. D)	63	22.0	22.0	96.5
Others	10	3.5	3.5	100.0
Total	287	100.0	100.0	

**Profession**

	Frequency	Percent	Valid Percent	Cumulative Percent
Student	154	53.7	53.7	53.7
Executive	43	15.0	15.0	68.6
Manager	11	3.8	3.8	72.5
Business Owner	1	.3	.3	72.8
Valid Professional (Accountant, Doctor, Engineer, etc)	21	7.3	7.3	80.1
Academician	38	13.2	13.2	93.4
Housewife	1	.3	.3	93.7
Others	18	6.3	6.3	100.0
Total	287	100.0	100.0	



<b>Income</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Below RM 1, 000	152	53.0	53.0	53.0
RM 1, 000 –RM 2, 999	58	20.2	20.2	73.2
Valid RM 3,000 – RM 4,999	51	17.8	17.8	90.9
RM 5,000 and above	26	9.1	9.1	100.0
Total	287	100.0	100.0	

**2. SPSS Output: Pilot Study Reliability Test**

**Repurchase Intention  
Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Valid		19	63.3
Cases Excluded <sup>a</sup>		11	36.7
Total		30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.926	10

**Electronic Word-of-Mouth  
Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.838	6

**Low Price  
Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	19	63.3
	Excluded <sup>a</sup>	11	36.7
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.723	10

**Prior Experience**  
**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	27	90.0
	Excluded <sup>a</sup>	3	10.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.918	9

**Website Reputation**  
**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	26	86.7
	Excluded <sup>a</sup>	4	13.3
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.939	9

**Website Usability**  
**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	26	86.7
	Excluded <sup>a</sup>	4	13.3
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.959	22

**3. SPSS Output: Reliability Test**

**Scale: Repurchase Intention**

**Case Processing Summary**

		N	%
Cases	Valid	287	100.0
	Excluded <sup>a</sup>	0	.0
	Total	287	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.937	7

### Scale: Electronic Word-of-Mouth

**Case Processing Summary**

		N	%
Cases	Valid	287	100.0
	Excluded <sup>a</sup>	0	.0
	Total	287	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.774	4

### Scale: Low Price

**Case Processing Summary**

		N	%
Cases	Valid	287	100.0
	Excluded <sup>a</sup>	0	.0
	Total	287	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.786	8

### Scale: Prior Experience

**Case Processing Summary**

		N	%
Cases	Valid	287	100.0
	Excluded <sup>a</sup>	0	.0
	Total	287	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.912	7

**Scale: Website Reputation**

**Case Processing Summary**

		N	%
Cases	Valid	287	100.0
	Excluded <sup>a</sup>	0	.0
	Total	287	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.933	8

**Scale: Website Usability**

**Case Processing Summary**

		N	%
Cases	Valid	287	100.0
	Excluded <sup>a</sup>	0	.0
	Total	287	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.930	11

**4. SPSS Output: Pearson's Correlation Analysis**

		Correlations					
		CRI	CEWOM	CLP	CPE	CWR	CWU
CRI	Pearson Correlation	1	.143*	.438**	.565**	.544**	.525**
	Sig. (2-tailed)		.015	.000	.000	.000	.000
	N	287	287	287	287	287	287
CEWOM	Pearson Correlation	.143*	1	.280**	.142*	.199**	.226**
	Sig. (2-tailed)	.015		.000	.016	.001	.000
	N	287	287	287	287	287	287
CLP	Pearson Correlation	.438**	.280**	1	.408**	.535**	.468**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	287	287	287	287	287	287
CPE	Pearson Correlation	.565**	.142*	.408**	1	.689**	.723**
	Sig. (2-tailed)	.000	.016	.000		.000	.000
	N	287	287	287	287	287	287
CWR	Pearson Correlation	.544**	.199**	.535**	.689**	1	.739**
	Sig. (2-tailed)	.000	.001	.000	.000		.000
	N	287	287	287	287	287	287
CWU	Pearson Correlation	.525**	.226**	.468**	.723**	.739**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	287	287	287	287	287	287

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

**5. SPSS Output: Multiple Regressions Analysis**

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	CPE		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	CLP		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	CWR		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: CRI

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.565 <sup>a</sup>	.319	.317	5.81302
2	.609 <sup>b</sup>	.371	.367	5.59667
3	.624 <sup>c</sup>	.390	.383	5.52210

- a. Predictors: (Constant), CPE
- b. Predictors: (Constant), CPE, CLP
- c. Predictors: (Constant), CPE, CLP, CWR

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4512.526	1	4512.526	133.541	.000 <sup>b</sup>
	Residual	9630.492	285	33.791		
	Total	14143.017	286			
2	Regression	5247.361	2	2623.680	83.763	.000 <sup>c</sup>
	Residual	8895.657	284	31.323		
	Total	14143.017	286			
3	Regression	5513.344	3	1837.781	60.268	.000 <sup>d</sup>
	Residual	8629.674	283	30.494		
	Total	14143.017	286			

- a. Dependent Variable: CRI
- b. Predictors: (Constant), CPE
- c. Predictors: (Constant), CPE, CLP
- d. Predictors: (Constant), CPE, CLP, CWR



**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	14.247	1.960		7.268	.000		
	CPE	.607	.053	.565	11.556	.000	1.000	1.000
2	(Constant)	6.549	2.467		2.654	.008		
	CPE	.498	.055	.463	8.985	.000	.834	1.199
	CLP	.287	.059	.250	4.844	.000	.834	1.199
3	(Constant)	5.216	2.476		2.107	.036		
	CPE	.373	.069	.347	5.409	.000	.523	1.912
	CLP	.215	.063	.187	3.399	.001	.711	1.407
	CWR	.210	.071	.205	2.953	.003	.448	2.234

a. Dependent Variable: CRI

**Excluded Variables<sup>a</sup>**

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	CEWOM	.065 <sup>b</sup>	1.312	.191	.078	.980	1.020	.980
	CLP	.250 <sup>b</sup>	4.844	.000	.276	.834	1.199	.834
	CWR	.296 <sup>b</sup>	4.529	.000	.260	.525	1.904	.525
	CWU	.244 <sup>b</sup>	3.519	.001	.204	.477	2.098	.477
2	CEWOM	.009 <sup>c</sup>	.177	.860	.011	.921	1.086	.784
	CWR	.205 <sup>c</sup>	2.953	.003	.173	.448	2.234	.448
	CWU	.166 <sup>c</sup>	2.363	.019	.139	.441	2.269	.441
3	CEWOM	.001 <sup>d</sup>	.024	.981	.001	.918	1.089	.446
	CWU	.096 <sup>d</sup>	1.245	.214	.074	.362	2.763	.362

a. Dependent Variable: CRI

b. Predictors in the Model: (Constant), CPE

c. Predictors in the Model: (Constant), CPE, CLP

d. Predictors in the Model: (Constant), CPE, CLP, CWR