

Connecting Marketplace Brand to Existing Consumers: How Factors can Influence Brand Equity and Repurchase Intention.

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Abstract - The aim of this paper is to explain how brand can affect their brand equity and later on it's repurchase intention among existing customer especially in e-commerce business. Finding new customer is more costly than retaining existing customer. In this research we hypothesized that brand experience, e-service quality, social media and perceived risk have an effect on brand equity and later brand equity will affect repurchase intention on its existing customer. We use questionnaire containing hypothesized variables to the active user of an e-commerce in Indonesia. The findings of the paper confirm that all of the hypothesis all accepted, brand experience affect the repurchase intention of its current customer.

Index Terms - Brand equity, Brand experience, Repurchase intention, Social media

INTRODUCTION

Indonesian digital economy growth is the fastest growing compared with other country in South East Asia, where this economic growth dominated with fast adoption of e-commerce marketplace [1]. Based on data that was provided by the Indonesian Association of Internet Service Provider [2], said that the most of internet and e-commerce user are in the metro area of Jakarta, Bogor, Depok, Tangerang, Bekasi (later on will be refer as JABODETABEK).

Brand equity reflects how its consumer reflect its feeling and action towards the brand that will help to create and increase market share, value and benefit towards organization [3]. To affect consumer behavior, company can do strategic branding through brand management, where those activities manage strategies and activities towards its target market that want to be achieved by the company [4]. Furthermore, repurchase intention is how a consumer want to do a repeat purchase from the same brand because their expectation level has been achieved [5].

Moreover, acquiring new customer is five time more expensive than retaining existing customer [6].

In order to get better understanding how brand management and strategic marketing can be better on managing on the brand's brand equity towards its customer especially in e-commerce marketplace industry. In this research we are focusing on few factor that might affect brand equity that later on how brand equity affects the repurchase intention of the existing customers.

In Indonesia, Tokopedia is one of the most popular e-commerce based on the research that was done by iPrice Group, based on this fact we decide that Tokopedia is our object of research. The increase of internet and social media user has become one of the phenomena that give huge impact to brand management and all other related process and interactive between consumer to brand [7]. Other than that, one of the reason we choose particular factor that might affect brand equity is based on the study that implies that there's still some factor that make Indonesian consumer avoid online shopping such as fraud, difficulties contacting consumer support [8].

There's limited past research that have been done those studies how a brand experience, e-service quality, social media and perceived risk that affects brand equity that later how it can affect the repurchase intention. Studies that were done by Gomez, et. al. [9] and Pitaloka, et al. [10] have studied how brand equity affect positively to repurchase intention, but those two researches haven't consider how brand experience, e-service quality, social media, and perceived risk affect the brand equity at the first place. Therefore, there's a research gap that will be used by the researcher to analyze how can brand experience, e-service quality, social media, perceived risk will affect brand equity, that later will affect to repurchase intention.

LITERATURE REVIEW

I. Brand Management

Brand management is the underlying concept of this research. It's the fundamental task but not as simple to be done. To face challenges in branding and making sure a market success, experts suggest that to build a brand with high awareness and uniqueness is important. [11]. [12]. Untuk Untuk The main purpose of brand management is as mechanism to facilitate how brand can be relevant in the market and give capacity for brand to create and position it's brand through customer value creation and perceived customer value. [13].

II. Brand Experience (BEX)

Brand experience is a subjective assessment of perceived brand related experience, starting from pre-consumption experience and through in-consumption experience from a brand by its customer. Brand experience can be measured through the customer's perceived stimuli such as the brand's sensory sensation, affective, intellectual or cognitive behavioral, that are caused by the brand's campaign (branding), design, identity, communication strategy and the market where the product is marketed [14]

Brand Equity and brand experience is an important concept in branding, whereas brand equity is the long journey to build a brand, whereas brand experience is an complex perspective that involve the perspective from the consumer [15].

H1: Brand Experience positively and significantly affects brand equity of an e-commerce.

III. E-Service Quality (E-SQ)

E-Service quality the main focus related to the success or failure of an online company such as online marketplace. A high rate of successful of transaction can be done through high level of E-Service quality. E-Service quality is measured through the user's perceived quality of service that are given through online service [16]. A good e-service quality is an important element to attract consumer have a positive effect to brand equity through building trust [17].

H2: E-Service Quality positively and significantly affects brand equity of an e-commerce.

IV. Social Media (SM)

Social media has revolutionized how a brand can communicate with its consumer. Social media allows brand to communicate and offer value proposition to customer directly without bounded by location [18]. Marketing through social media benefits a brand that competing in a same product category, because of the brand awareness that are caused by the marketing process [19]. To analyze the impact of social media to the brand, analytical framework have be used, one of the analytical framework we use in this research is a honeycomb model.

Honeycomb model is a framework that describe the functional and implication of few social media activities such as identity, conversation, sharing, presence, relationship, reputation and groups [20]. Not all of the component of honeycomb model have to be used and can be adjusted according to its social media type to understand how social media can create a strong brand equity [21].

H3: Perceived Ease of Use positively and significantly affects brand equity of an e-commerce

V. Perceived Risk (PR)

Perceived risk is the consumer's perception of the potential loss, consumers tend to avoid risk in buying a product or service. The level of perceived risk can affect the customer's trust and perception towards a brand [22]. There are 6 indicator of perceived risk such as functional risk, financial risk, security risk, psychological risk, social risk and time risk [23]

H4: Perceived risk significantly affects brand equity of an e-commerce

VI. Brand Equity (BEQ)

Brand equity is a set of assets and brand liability that are attached to a brand, name and symbol that adds or reduce the value of a brand that are given to a product or service. Brand equity also shows an added value if it was compared to similar product or service but don't have the same brand [24]. A product or service from a well-known brand have a better performance if it was compared with other product or service that is less known. Different perception from consumer towards the brand will also shape the consumer behavior towards the brand, that later will affect the profitability [25]. We can measure brand equity through indicator that was introduced by Aaker [26], such as brand awareness, brand association, perceived quality and brand loyalty. Based on past research brand equity significantly affects the repurchase intention of consumer to do repeat purchase from the same brand [27].

H5: Brand equity positively and significantly affects Repurchase intention of a e-commerce.

VII. Repurchase Intention (RI)

Repurchase intention is the last variable that we are going to analyze. Repurchase intention is a process of an individual behavior to purchase product or service from the same company [28]. Repurchase intention is an important element for the company's profit, consumer desire to repeat a purchase from the same brand because their expectation level has been achieved [29]. The cost of acquiring new consumer is five time more expensive than a customer retention, therefore company are prefer finds way to increase the repurchase intention from the current consumers [30].

We are examining whether the variables of Brand Experience (BEX), Social Media (SM), and Perceived Risk (PR) have a positive impact on Brand Equity (BEQ).

And, whether Brand Equity (BEQ) have a positive impact on Repurchase Intention (RI) of E-Commerce Platform. The following is the research model that has been described

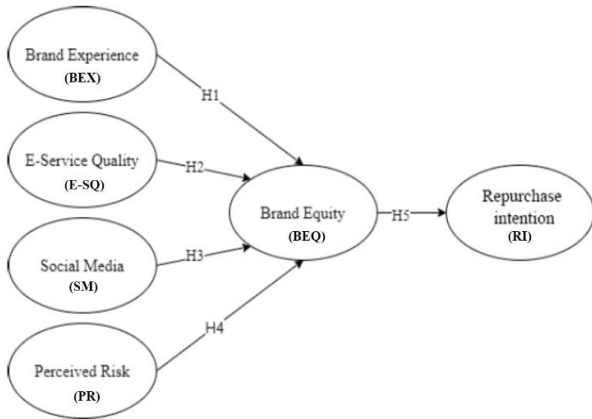


FIGURE 1 REASEARCH MODEL

RESEARCH METHODOLOGY

I. Measurement

This research is quantitative research using non-probabilistic sampling approach, with questionnaire distributed through online form. We chose users of E-Commerce platform as unit of analysis. With various e-commerce giants operating in Indonesia, we choose Tokopedia. This decision is based that Tokopedia is one of the most popular E-commerce platforms in Indonesia based its web traffic [31]. In this study, we limit our subject of research and population to the Tokopedia users in Jakarta, Bogor, Depok, Tangerang and Bekasi (JABODETABEK) area by using convenience sampling method. Convenience sampling is a non-probabilistic sampling that depends to the willingness of the participation of the member of population [32]. There sample that are selected in this research is based by some parameters that are defined by the researcher, which are: (1) Tokopedia User residing in JABODETABEK area, (2) at least have done transaction at Tokopedia once (3) Follow on of Tokopedia’s social media account. The operations of the variables used for decreasing the abstractness of a concept, therefore it can be measured clearly [33]. There are five independent variable in this research (Brand Experience, E-Service Quality, Social Media and Perceived Risk) and Two dependent variable (Brand equity and Repurchase intention).

II. Data Collection & Analysis

The data collected from the sample collected through an online questionnaire form. In this research, we use Likert five-point scale ranging from 1 that states “Strongly Disagree” to 5 that states “Strongly Agree”. The 1st section of the questionnaire includes verification question to verify if the respondent suitable or not for the research.

Which are the people who at least have use Tokopedia at least once, residing in JABODETABEK area and follow one of the Tokopedia’s social media account. Followed with the 2nd section filled with profiling question about the age, gender, occupation, education, times connected to the internet, times shopping at Tokopedia and kind of the brand’s social media that they follow. And the 3rd section filled up with the research question regarding to the research purpose.

We use Lemeshow [34] formula to determine the required sample since we do not have any information regarding to the number of E-commerce user in JABODETABEK. Through the formula we would need at least 196 samples. We analyzed the data using PLS SEM version 3.2.8 software, where was recommended to be used for marketing and management research Hair et al. [35].

There were 215 respondents collected and 14 was discarded since they are not applicable to the research since never shop at Tokopedia nor follow one of the Tokopedia social media account.

RESULT AND DISCUSSION

I. Outer Model Analysis

We also had conducted cross loading factor test and all of the indicators have value greater than the cross-loading value, therefore all of the indicator are valid and reliable.

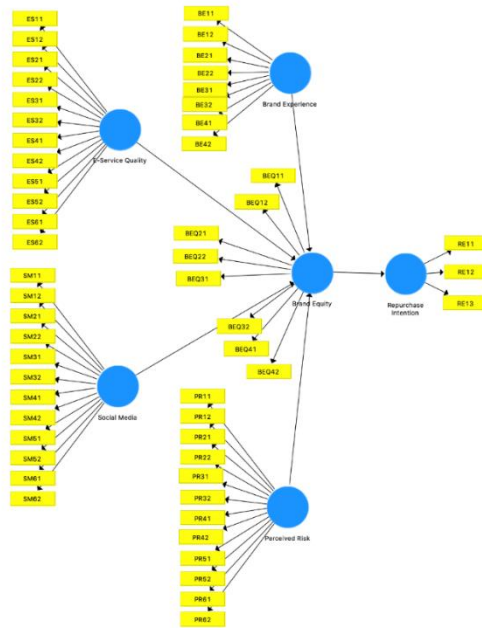


FIGURE 2 RESULT HYPOTHESIS TESTING

II. Inner model Analysis

Inner model analysis can be done by looking at R-Square value of the dependent variable.

TABLE 4
RESULT OF R-SQUARE VALUE

Construct	R Square
Brand Experience	
E-Service Quality	
Social Media	
Perceived Risk	
Brand Equity	0.893
Repurchase Intention	0.808

From the table we can conclude that the construct from brand equity and repurchase intention variables have R-Square greater than 0.75, therefore the construct of variable has a substantial strength.

TABLE 5
LATENT VARIABLE COEFFICIENT CORRELATION

Construct	BE	ESQ	SM	PR	RE
BE	1				
ESQ	0.939	1			
SM	0.919	0.931	1		
PR	-0.641	-0.623	-0.665	1	
RE	0.934	0.916	0.885	-0.579	1

Next, we include latent variable coefficient correlation strength. According to Fauziah [36], we can conclude that: All of the relationship of variable except that are connected to perceived risk have coefficient greater than 0.8, therefore we can conclude that all relationship except that are connected to perceived risk having a strong relationship.

All of the variable that are connected to perceived risk except repurchase intention, having a coefficient between 0.60 – 0.79, therefore we conclude that all variable that are connected to perceived risk except repurchase intention, having a strong relationship. And repurchase intention have a medium relationship with perceived risk with coefficient around 0.40-0.59.

Next we include path coefficient analysis that are done within the SmartPLS 3.0 software in the following table:

TABLE 6
PATH COEFFICIENT CALCULATION

Path	Value
BE -> BEQ	0.3
ESQ -> BEQ	0.339
SM -> BEQ	0.256
PR -> BEQ	-0.103
BEQ -> RE	0.899

From the table we conclude that brand experience, e-service quality, social media and perceived risk have path coefficient of 0.3,0.339, 0.256 and -0.103. Brand equity have path coefficient to repurchase intention of 0.899.

III. Result of Hypothesis Testing

Hypothesis test have been done by using bootstrapping within the SmartPLS 3.0 software with amount of 5000 samples. The following is the results of the hypothesis test:

TABLE 7
RESULT OF HYPOTHESIS TESTING

Path	T-Statistics	p Values	Hypothesis	Result
Brand Experience -> Brand Equity	3.010	0.003	H1	Accepted
E-Service Quality -> Brand Equity	3.865	0.000	H2	Accepted
Social Media -> Brand Equity	3.094	0.002	H3	Accepted
Perceived Risk -> Brand Equity	2.159	0.031	H4	Accepted
Brand Equity -> Repurchase Intention	54.022	0.000	H5	Accepted

IV. Discussion

The aim of this study is to identify whether factors such as brand experience, e-service quality, social media and perceived risk has an effect to the brand equity of an online marketplace that later will the brand equity affect the repurchase intention of its existing customer. These results are supported by all of the hypothesis test that has been established in this research (H1,H2,H3,H4 and H5). The result shows that brand experience affect brand equity significant and positive, align with the research was done before by Shamim et al. [37] and Sun et al. [38]. A high level of e-service quality also affects brand equity of the market place, align with previous studies of White [39] and Elsamen [40] This research also confirm that the brand’s social media will affect its brand equity consistent to the research that was done by Lim [xx] and Karman [41]. In Lim [42] study, they imply that a high level of engagement with relevant social media platform with its business will benefit the brand’s brand equity. Later, in this research also found out that Perceived risk has a positive and significant effect to the brand equity, this result also consistent to the previous research that was done by Lin [43] and Chang [44]. Where in that past research implies that consumers will likely to decrease the risk by choosing a more trustworthy brand. Later, we also found out that brand equity has a positive and significant effect to the repurchase intention of the existing customer. This result also aligns with past research that was done by Pitaloka [45] and Gomez [46]. Brand that have a positive brand equity will likely attract more repurchasing intention from its already existing customers.

CONCLUSION AND RECOMMENDATION

I. Conclusion

This research is focussing how the role of brand management and strategic marketing on to manage the repurchase intention from its existing customer.

In this research we try to explore few factors that affect brand equity that later brand equity affects the repurchase intention. In this research we found out and confirm that brand experience have a positive and significant effect to brand equity, we suggest that brand manager affect it's customer through sensory, cognitive, affective and behavioural brand experience to have a better effects on brand equity that can be done through various marketing activities. We also found out that E-Service quality have a positive and significant effect to brand equity, by maintaining high level of e-service quality, brand manager can have better brand equity level. Later, we also found out that social media have a positive and significant effect to brand equity, this implies that social media engagement that was done by brand in a relevant social media platform will have a positive effect to the brand equity. In this research, we also found out that perceived risk have a significant and positive effect to brand equity, consumer will likely avoid a risky brand and will favour a trustworthy brand. And last, we found out that brand equity have a positive and significant effect to repurchase intention, this implies that an existing customer will likely to repurchase from a same brand, in this research we implies that customer will likely do repeat purchase on the same marketplace brand

II. Research Limitation & Development

There are few limitation of this research that need to be considered, first this research data is only limited to JABODETABEK region respondent only, therefore this research cannot be applied to a broader Indonesian scope. This research also limits its on-brand experience, e-service quality, social media, perceived risk, brand equity and repurchase intention, other factor might be considered to render more clear conclusion. This research is also limited to e-commerce market place brand, finding might differ to other industries.

III. Recommendation

To have a better understanding on the brand management & strategic marketing on how to manage repurchase intention of a brand. We'd like to recommend other determinant factor intention of the repurchase intention to get broader knowledge and new findings in the future. Future research also should be conducted on a wider area other than JABODETABEK. Brand manager of an e-commerce market place should consider this finding to get a better understanding on how customers perceive a brand equity that will increase their repurchase intention.

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