

# It Was Nice with the Brick So Now I'll Click: The Effects of Offline and Online Experience, Perceived Benefits, and Trust on Dutch Consumers' Online Repeat Purchase Intention

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**Abstract.** The present study investigated the factors influencing Dutch consumers' intention to continue purchasing from a brick-and-click clothes shop's online channel after an initial commercial exchange. Results on the online survey with 513 respondents reveal that their repeat online purchase intention is influenced by the quality of their previous online purchase experience with the retailer, their perception of the benefits associated with online purchasing, and their trust in the retailer. Analysis also shows that respondents' previous offline purchase experience and online purchase experience contribute to their trust in the retailer. Additionally, respondents' previous online purchase experience positively influences their perception of the benefits associated with purchasing online. The modified model also shows that respondents' trust in the retailer positively influences their perceptions of online shopping benefits.

**Keywords:** offline purchase experience, online purchase experience, online trust, repeat online purchase intention, brick-and-click.

## 1 Introduction

The increasing popularity of online shops has prompted an increase in the number of companies, which operate exclusively offline, to offer their products and services online. Apparently, shops need to sell their products and services through both offline and online channels not only to survive a stiff competition but also to better serve customers whose buying behaviors have become increasingly mediated by electronic technology, eventually resulting in the metamorphosis of online transactions from pure clicks to brick-and-clicks [19]. With this phenomenon comes significant attention to the relationship between a customer's interaction with a retailer in an offline environment and the customer's propensity to transact with that same retailer in the online environment.

One may assume that a company that operates purely online is at a disadvantaged position compared to a company with both offline and online channels, consequently referred to as brick-and-click companies, since companies with an offline presence

are more likely to be trusted in the online environment than those without offline presence [16]. Online trust, as several studies have shown, is a strong determinant of people's intention to engage in exchanges with organizations online. Although trust in a company could positively influence customers' intention to purchase something from that company's online channel, other factors that could potentially increase such an intention deserved to be identified. What is clear is that the factors influencing the decision to buy online for the first time could be partly different from those that might increase customers' propensity to continue buying from a shop that operates exclusively online and from an online shop with an offline presence.

While empirical studies that have identified the determinants of first-time online purchase and repeat online purchase abound, specifically in the context of companies that sell exclusively through their websites, there is still a dearth of research into the factors influencing customers' willingness to purchase again from an online shop with an offline presence. This research primarily aims at addressing this gap. An online survey with a brick-and-click clothing shop in the eastern region of the Netherlands was conducted to test the research hypotheses.

## **2 Determinants of Online Repeat Purchase Intention**

Companies continuously strive not only to attract customers to buy something from them but also to maintain customers' loyalty, primarily expressed in their propensity to engage in a repeat purchase. One question deserving research attention, however, pertains to the determinants of people's online repeat purchase intention, referring to the likelihood that people will buy something from the same company online after a first-time purchase.

### **2.1 Experience with the Shop both Offline and Online**

People's decision to engage in an initial online transaction with a company is often predicated on factors such as trust, organizational reputation, and the expected benefits that can be derived from such form of transaction. However, upon the acquisition of transactional experience and experience with the transaction partner, people can already base their repeat purchase intention on first-hand information. While customers of shops that operate exclusively online could base their decision to buy again from the shop solely on their online purchase intention, those who have purchased something from the shop's offline and online channels can predicate their online repeat purchase intention on their transactional experience with both channels.

An important point to consider, however, is that experience does not entirely suffice to increase repeat purchase intention. As experience can be in a pole with satisfaction and enjoyment at one side and dissatisfaction to disappointment at the other side [2], a satisfying experience could logically increase repeat purchase intention. Indeed, studies have shown that a satisfying online transaction experience is a strong indicator of the aforementioned intention [22, 25].

It is also argued that people's experience with a shop offline is often translated into their buying behavior online, as the service obtained from a shop through its physical

outlet could positively impact customers' willingness to purchase from the shop through its online channel [24]. The following hypotheses, therefore, are advanced.

*H1a : Customers' positive experience with a shop in the offline environment positively influences their intention to buy again from the shop's online channel.*

*H1b : Customers' positive experience with a shop in the online environment positively influences their intention to buy again from the shop's online channel.*

A positive relationship between a positive experience and trust in an online shop exists as customers who are satisfied with their initial online exchange experience tend to be more trusting of the company in the online environment [5, 10, 18]. Based on this assertion, the next set of hypotheses is advanced.

*H1c : Customers' positive experience with a shop in the offline environment positively influences their trust in the shop's online channel.*

*H1d : Customers' positive experience with a shop in the online environment positively influences their trust in the shop's online channel.*

## **2.2 Trust in the Shop's Online Channel**

Referred to as one party's reliance on the voluntarily assumed responsibility of another party to safeguard the rights and interest of the former [11], trust has been regarded crucial in prompting individuals and organizations to engage in various forms of exchanges with others. The success of online exchanges (e.g. e-commerce, e-government) is predicated on trust [7] considering the uncertainties and risks associated with online transactions characterized as distant, anonymous, and impersonal [18]. Certainly, trust does not eliminate risks although it is highly instrumental in reducing the degree and the type of risks (e.g. financial losses, information privacy violation) [3] people perceived from engaging in transactions with the trust (or distrust) target [3, 13, 23]

Initial encounters, when both parties have no prior knowledge about each other's performance, are partly predicated on initial trust, which is based on the knowledge about the trustee a trustor obtains from third parties [9] and on the expectation that the trustee will not defect for fear of negative outcomes [17]. After an initial encounter, the two parties' decision to engage in succeeding exchanges could already be grounded on trust resulting from the transacting parties' knowledge about each other [17]. Trust, therefore, matters not only in initial encounters but also in succeeding encounters. This prompts the next hypothesis.

*H2 : Customers' trust in the (brick-and-click) shop's online channel positively influences their online repeat purchase intention.*

## **2.3 Benefits of Online Shopping**

The acceptance of novel technologies and newer ways of doing things is partly dependent on their usefulness, as the Technology Acceptance Model postulates [8]. The usefulness of online shopping can be measured in terms of the benefits it extends to customers such as convenience and comfort [6, 14]. The expected benefits people

associate with online shopping have been found to strongly influence their intention to buy something online for the first time [14].

As people gain more online transaction experience, nonetheless, the extent to which they were satisfied or displeased with their previous transactions could even serve as a relatively objective indicator of their evaluation of the benefits associated with an online transaction. In fact, empirical studies have shown that beliefs in the usefulness of computer-mediated commercial exchanges are an important determinant of online repurchase intention [25]. This prompts the hypothesis below.

*H3 : Customers' perception of the benefits of purchasing online positively influences their intention to continue purchasing from a (brick-and-click) shop's online channel.*

### **3 Method**

#### **3.1 Sampling**

An online survey was conducted with consumers of one brick-and-click clothes shop in the eastern part of the Netherlands. The retailer, which sells primarily women and children apparel, also assisted the researchers in distributing the questionnaires to the study's target respondents since the retailer maintains a database of contact information of consumers who have purchased a product from both the offline and online channels of the retailer. With the assistance of the retailer, a link to the online questionnaire was sent to 8,147 customers whose e-mail addresses were stored in the retailer's electronic database at the time of the study. The focus of the study required that only respondents who have purchased from the retailer through both its offline and online channels should be included in the study. After a four-week data collection, 706 filled out online questionnaires were returned. However, 193 questionnaires had to be removed since they were not completed, resulting in 513 questionnaires used for analysis or a final response rate of 6.29%.

#### **3.2 Respondents**

As the retailer used for this study sells women and children apparel, almost all respondents (N=499, 97%) were women. Respondents' age ranged between 21 and 60 (M = 39.06, SD =7.99). In terms of level of education, 57% (N = 291) of the respondents have obtained higher education (university or bachelor degrees). Most respondents indicated to have high levels of Internet experience, as those who have been using the Internet for more than 11 years accounted for 45% (N = 233) of the study's sample.

#### **3.3 Research Instrument**

New items were formulated for the constructs 'offline experience with the shop' and 'online experience with the shop' – with three items for each construct. Examples of items for 'offline experience' included 'My experience with the shop offline was

positive' and 'My previous purchase with the shop offline proceeded without problems'. For 'online experience', typical items included 'My experience with the shop online was positive' and 'I never had negative experiences with the shop's online channel'. Cronbach's alpha scores for 'offline experience' and 'online experience' were pegged at .90 and .93, respectively.

The three items to measure 'trust' ( $\alpha = .85$ ) were based on the scales of Carter and Belanger [4] and Jarvenpaa et al. [13]. Examples of items included 'I trust the shop's online channel' and 'I believe the shop's online channel is trustworthy'. 'Perceived benefits of online shopping' ( $\alpha = .85$ ) were measured with four items by Kim, Ferrin, and Rao [14]. Examples of items for the construct included 'Buying from the shop's online channel saves me time' and 'I can always buy something from the shop's online channel anytime I want to'. The dependent variable 'repeat online purchase intention' ( $\alpha = .90$ ) was measured with three newly formulated items such as 'I would most likely buy an item from the shop's online channel again' and 'I am intending to purchase an item from the shop's online channel anytime soon'.

Presented on Table 1 are the Cronbach's alpha, mean, and standard deviation scores for the different constructs of the study. All items used for the different constructs were measured on a five-point Likert scale (with 1 corresponding to 'fully agree', 2 'agree', 3 'neither agree nor disagree, 4 'agree', and 5 'fully disagree'.

**Table 1.** Cronbach's  $\alpha$ , mean, and standard deviation scores for the different constructs

Constructs	Cronbach's $\alpha$	Mean	Std. Deviation
Offline experience with the shop	.90	1.55	.71
Online experience with the shop	.93	1.92	.84
Trust in the shop's online channel	.85	1.80	.56
Perceived benefits of online shopping	.85	2.05	.66
Repeat purchase intention	.90	2.34	.71

## 4 Results

To test the different research hypotheses and to determine whether the proposed research model fits the data, structural equation modeling (SEM) using AMOS 18.0 was performed. The use of SEM subscribed to the two-step approach proposed by Anderson and Gerbing [1], which indicates that the measurement model should be assessed first prior to testing of the structural model. Model fit was assessed using the following indices: RMSEA (root mean square error of approximation), CFI (comparative fit index), TLI (Tucker-Lewis index), and SRMR (standardized root mean square residual) [15, 20]. CFI and TLI values should be greater than .95 [12], the RMSEA value lower than 0.07 [21], and the SRMR value below 0.08 to reach a conclusion that a relatively good fit between the proposed model and the observed data exists [12, 15].

Results of Confirmatory Factor Analysis (CFA) show that the measurement model excellently fits with the data [ $X^2(80) = 265.37$ ,  $X^2/df = 3.32$ ,  $p = .00$ , CFI = .97, TLI = .96, SRMR = .03, RMSEA = .07 (CI: .06, .08)]. Test of the structural model resulted in a relatively acceptable fit [ $X^2(83) = 313.76$ ,  $X^2/df = 3.78$ ,  $p = .00$ , CFI = .96, TLI = .95, SRMR = .05, RMSEA = .07 (CI: .07, .08)]. However, inspection of the

modification indices suggested that model fit could still be improved by establishing a causal relationship between two independent variables. The original model, therefore, was modified by adding a path from 'online experience' to 'perceived benefits' and from 'trust' to 'perceived benefits'. The test of the modified model yielded a slightly improved fit [ $\chi^2(82) = 278.28$ ,  $\chi^2/df = 3.39$ ,  $p = .00$ , CFI = .96, TLI = .95, SRMR = .04, RMSEA = .07 (CI: .06, .08)].

Analysis shows that respondents' repeat online purchase intention is influenced by the quality of their previous online purchase experience with the retailer ( $\beta = .32$ ), their trust in the (brick-and-click) shop's online channel ( $\beta = .13$ ), and their perception of the benefits associated with purchasing online ( $\beta = .39$ ). This results to the acceptance of hypotheses 1b, 2, and 3. However, the quality of respondents' previous offline purchase experience with the retailer has been found to have no influence on repeat online purchase intention, leading to the rejection of hypothesis 1a.

Moreover, analysis indicates that respondents' previous offline purchase experience ( $\beta = .34$ ) and online purchase experience ( $\beta = .46$ ) contribute to their trust in the shop's online channel. Thus, hypotheses 1c and 1d are accepted. The modified model also shows that respondents' previous online purchase experience positively influences ( $\beta = .36$ ) influences the perceived benefits of purchasing online. Furthermore, respondents' trust in the (brick-and-click) shop's online channel positively influences perceptions of the benefits of online shopping ( $\beta = .31$ )

## 5 Discussion

For retailers that used to operate exclusively offline, the expansion of product and service delivery to the online environment entails a thorough understanding of the ways to ensure that customers who purchase offline would also exchange in a commercial exchange with the retailer through its online channel. There certainly are copious studies into the factors influencing initial online purchase intention and repeat online purchase intention, especially in relation to shops with online channels only. However, adequate academic attention has not been extended to the mechanism behind people's willingness to purchase through the online channel of a retailer with an offline presence.

Results of this study show that people's intention to purchase something again from a brick-and-click retailer's online channel is predicated on three important factors, namely, the quality of their previous online commercial exchange, their level of trust in the retailer's online channel, and the perceived benefits of online shopping. These findings strongly support the results of previous empirical studies into the impact of these three factors on purchase and repeat purchase intentions.

It should be noted that of the three, however, the perceived benefits of online shopping strongly determine the extent to which customers would opt to purchase an item from an offline retailer's online channel after an initial exchange. While this variable lies outside a specific retailer's influence, the retailer can still ensure the continuance of an online purchase among its customers by providing them with a satisfactory online transaction experience.

Although it was initially surmised that the quality of customers' experience with a retailer offline would influence their repeat online purchase intention, the study's results indicated that the former has no impact on the latter. This is surprising since one would expect that the extent to which customers were pleased with their purchase through the retailer's offline channel would determine their willingness to shop through that retailer's online channel. A possible explanation for this is that when deciding whether or not to shop online, customers may not really pay attention to their offline exchange experience with the retailer behind the online channel.

Even if the evaluation target – for quality of previous experience and trust – is the same (the retailer), the channels used for the commercial exchange differ in several aspects. Purchasing an item offline provides a customer with the possibilities to interact with a flesh-and-blood salesperson and to feel or try a product, which would totally be impossible if one opts to buy a similar item through the retailer's online channel. Thus, when deciding whether or not to continue buying from a retailer's online shop, customers might pay more attention to the quality of their previous online transaction than to their purchase experience offline.

The fact that trust in the retailer's online channel positively influences customers' repeat purchase intention amplifies the need to understand how trust could be developed. Trust has been known to evolve depending on the depth of the relationship between a trustee (in this case, the retailer) and a trustor (the customer). While initial encounters could be predicated on trust that emerges from the knowledge a trustor obtains from others, succeeding encounters could already be based on trust that develops out of the quality of the interaction between the two parties. Studies have shown that customers who were satisfied with their previous transactions with a company are more likely to continue trusting the company after an initial encounter.

Results of this research strongly supports the relationship between quality of previous transaction experience and trust online. The quality of respondents' previous online exchange experience with a brick-and-click is a strong determinant of their trust in the retailer's online channel. Although the quality of respondents' offline exchange experience does not impact repeat online purchase intention, results further reveal that it is an important determinant of trust in the retailer's online channel. While trust in the shop, in general, is not identified as a construct in this study, this may have been captured by the quality of the respondents' offline exchange. Customers who were satisfied with their transaction with the retailer in the offline environment have a strong reason to trust the retailer, in general, and such trust could influence the extent to which they would trust the retailer's online channel.

Modification of the structural model indicates that factors such as 'quality of previous online experience' and 'trust in the retailer's online channel' positively influence respondents' perception of the benefits of online shopping. An important implication of this finding is that online customers' estimation of the benefits of online shopping is partly predicated on the quality of their previous online transaction experience. And this further suggests that when the previous online transaction with the retailer was not gratifying, customers would be most likely inclined to undermine the merits of online shopping.

Additionally, as the analysis shows, the benefits of online shopping would hardly be appreciated if the channel used for the online transaction is deemed untrustworthy. Trust, therefore, is a critical factor as it substantially impacts not only online customers' behavioral intention but also their attitude towards the object of the intention – online shopping.

## 6 Implications

Results of this study have important implications not only for electronic commerce researchers but also for brick-and-click retailers. While it is known that customers' experience with a retailer offline does not prompt repeat online purchase intention, such an experience, which should primarily be satisfactory, is an important determinant of their trust in the channel the retailer uses for commercial transactions online. Brick-and-click retailers, therefore, should continuously strive to provide their customers with a gratifying experience offline as it can influence customers' trust in the retailer in the online environment, which partly determines their repeat online purchase intention and the extent to which online shopping is seen as beneficial.

What is more important is that brick-and-click retailers should incessantly ensure that online shoppers are satisfied with their online shopping experience, as it is a critical determinant of repeat online purchase intention. Furthermore, such an experience, as this study's results reveal, shapes people's evaluation of the benefits of online shopping, which positively influences repeat online purchase intention. Although it is beyond a brick-and-click retailer's ability to influence people's belief in the benefits of online shopping, retailers could still have an impact on it by maintaining customers' trust in the channel for an online exchange and by guaranteeing that customers would be satisfied with such transaction – the two pivotal determinants of the extent to which online shopping is viewed as advantageous.

The model tested in this study is remotely comprehensive. The effect of customers' experience with a brick-and-click retailer on trust in the retailers' online channel is interpreted as a consequence of the trust people have in the retailer, which results from customers' positive exchange experience with the retailer. However, trust in the retailer, in general, proves to be an important variable that needs to be included in a more comprehensive model for repeat online purchase intention.

Results of the current study might have been skewed by the unusually high number of female survey respondents, considering the type of brick-and-click retailer used for the research. One can, therefore, assume that the findings could be a reflection of the mechanism behind female shoppers' repeat online purchase intention. The relatively high impact of perceived benefits of online shopping on the behavioral intention of interest might be a consequence of having a large proportion of women in the sample, as it can be assumed that female shoppers might consider online shopping benefits such as convenience and time-saving as decisive factors for their repeat online purchase intention. The model, therefore, could also be tested with male respondents to see whether or not the factors influencing repeat online purchase intention vary according to the gender of shoppers.



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