A Study on Theory of Reasoned Action and Its Impact on Repeat Purchase of Consumers in Online Markets

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Abstract: The theory of reasoned action is a conceptual model which is used to explain the consumer behaviour, his/her intentions to perform the purchase and how several subjective norms are formed inside the mindset of the consumer which acts as a clear reason for the behavioural pattern of the consumers. This study tries to relate this concept of Theory of reasoned action and online consumers repeat purchase intention. This study is intended to study whether the intentions of theory of reasoned action is applicable in online scenario also and if it influences what are theonline unique factors which adds on to the concept of Theory of Reasoned Action(TRA).

Keywords: Theory of Reasoned Action (TRA), online consumers, Attitude, Re purchase intention.

Introduction:

The Theory of Reasoned Action (TRA) is a model that finds its origins in the field of social psychology. This model developed by Fishbein and Ajzen(1975) defines the links between beliefs, attitudes, norms, intentions, and behaviours of individuals. According to this model, a person's behaviour is determined by its behavioural intention to perform it. This intention is itself determined by the person's attitudes and his subjective norms towards the behaviour. Fishbein and Ajzen (1975, p. 302) define the subjective norms as "the person's perception that most people who are important to him think he should or should not perform the behaviour in question" (Fishbein and Ajzen 1975, p.302)

This theory can be summarized by the following equation:

Behavioural Intention = Attitude + Subjective norms

According to TRA, the attitude of a person towards a behaviour is determined by his beliefs on the consequences of this behaviour, multiplied by his evaluation of these consequences. Beliefs are defined by the person's subjective probability that performing a particular behaviour will produce specific results. This model therefore suggests that external stimuli influence attitudes by modifying the structure of the person's beliefs. Moreover, behavioural intention is also determined by the subjective norms that are themselves determined by the normative beliefs of an individual and by his motivation to comply to the norms.
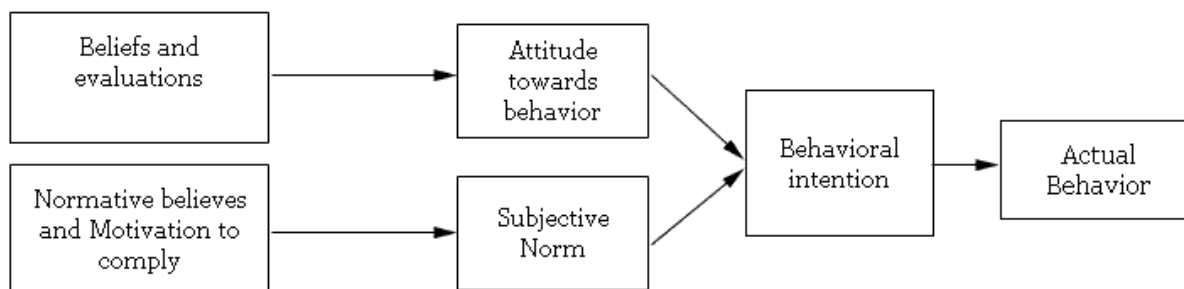
Specifically, Reasoned Action predicts that behavioral intent is created or caused by two factors: our attitudes and our subjective norms. As in Information Integration theory, attitudes have two components. Fishbein and Ajzen call these the evaluation and strength of a belief. The second component influencing behavioral intent, subjective norms, also have two components: normative beliefs (what I think others would want or expect me to do) and motivation to comply (how important it is with me to do what I think others expect).

Influence of online marketing on consumers:

Major Characteristics of Online Consumers –

The typical Internet user of the twentieth century is young, professional, and affluent with higher levels of income and higher education (Palumbo and Herbig, 1998). They value time more than money which automatically makes the working population and dual-income or single-parent households with time constraints better candidates to be targeted by non-store retailers (Burke, 1997). Actually, both demographics and personality variables such as opinion leadership or risk evasiveness are very important factors that are considered in studies trying to determine the antecedents of Internet purchases (Kwak et al., 2002). Confirmatory work shows that income and purchasing power have consistently been found to affect consumers' propensity to shift from brick-and-mortar to virtual shops (Co-mor, 2000). Internet usage history and intensity also affect online shopping potential.

Consumers with longer histories of Internet usage educated and equipped with better skills and perceptions of the Web environment have significantly higher intensities of online shopping experiences and are better candidates to be captured in the well-known concept of flow in the cyber world (Sisk, 2000; Hoffman and Novak, 1996; Liao and Cheung, 2001). Those consumers using the Internet for a longer time from various locations and for a higher variety of ser-vices are considered to be more active users (Emmanouilides and Hammond, 2000). As Bellman et al. (1999) mention, demographics are not so important in determining online purchasing potential. Whether the consumer has a wired lifestyle and the time constraints the person has are much more influential. Risk taking propensity is also a powerful factor. E-shoppers have higher risk taking tendencies.

Consumers with high levels of privacy and security concerns have lower purchasing rates in online markets but they balance this characteristic with their quest for making use of the information advantage of the environment (Kwak et al., 2002; Miyazaki and Fernandez, 2001). These educated individuals, as more confident decision makers, are much more demanding and have greater control over the purchasing process from initiation to completion (Rao et al., 1998).

Online Shopping Behaviour - Identifying pre-purchase intentions of consumers is the key to understand why they ultimately do or do not shop from the Web market. One stream of research under online consumer behaviour consists of studies that handle the variables influencing these intentions. A compilation of some of the determinants researchers have examined are: transaction security, vendor quality, price considerations, information and service quality, system quality, privacy and security risks, trust, shopping enjoyment, valence of online shopping experience, and perceived product quality. (Liao and Cheung, 2001; Saeed et al., 2003; Miyazaki and Fernandez, 2001; Chen and Dubinsky, 2003).

The lists of factors having a positive or negative impact on consumers' propensity to shop do not seem to be very different from the considerations encountered in offline environments. However, the sensitivities individuals display for each variable might be very different in online marketplaces. Factors like price sensitivity, importance attributed to brands or the choice sets considered in online and offline environments can be significantly different from each other (Andrews and Currim, 2004). Uncertainties about products and shopping processes, trustworthiness of the online seller, or the convenience and economic utility they wish to derive from electronic shopping determine the costs versus the benefits of this environment for consumers (Teo et al., 2004). Further studies aiming to complete the full set of factors influencing consumers' pre purchase intentions are still much awaited.

The Online Purchasing Process - Many studies frequently mention that there is a vast amount of window shopping taking place online but the number or the rate of surfers who turn into purchasers or regular buyers are very low (Mayer, 2002; Betts, 2001; Oliver, 1999). This might happen because of the lack of consumer intention to purchase an offering from the

online environment at the outset. It might also happen because of various problems that arise during online shopping driving the consumer to abandon the task in the middle. Therefore, while one stream of research should identify the reasons behind the purchase reluctance of consumers, another area of concentration should be why people abandon their shopping carts and stop the

Purchasing process in the middle. Such attempts can help to understand how to turn surfers into inter actors, purchasers, and finally, repeat purchases by making them enter into continuous interaction with this environment (Berthon, 1996). Common reasons for purchase reluctance are the difficulties and costs of distance shipping, inadequate amount of purchase related information, troubles experienced after the purchase such as delivery or refund problems, general security fear, and various perceived risks such as financial, product-related or psychological risks (Mayer, 2002; Chen and He, 2003). On the other hand, the reasons of abandoning purchases are much more technical such as unexpected shipping costs or transaction complexity (*Harvard Business Review*, 2000). In other words, some consumers accept to shop from the Internet in principle but technical complexities or ineffective systems discourage them.

Regardless of the pessimistic state of events, marketers should not be hopeless about the future. Once the risks consumers perceive about shopping through the Web are reduced, the environment still promises a high potential for selected consumer segments. Studies show that consumers who search for product related information through the Web have stronger intentions to make purchases online (Shim et al., 2001). Therefore, building on the information advantage can be expected to pay off in the future. Constructing effective decision support systems and assisting consumers with interactive decision tools are also successful attempts that need to be developed further (O'Keefe and McEachern, 1998; Barber, 2001). However, investing on the pre-purchase stages of the decision making process is not adequate. Developing and testing the effectiveness of specific "selling" strategies and tactics for the cyber market are also crucial. Studies that focus on currently unavailable but possible tools of cyber shopping in the future, such as the use of artificial shopping agents that work on behalf of consumers in the online market (Redmond, 2002), are also very valuable efforts enlightening the road for future studies.

Consumer Satisfaction and Loyalty in the Online Market - Investing in consumer satisfaction from the online experience and creating brand or site loyalty are critically important for companies that want to have a long run presence on the Web. There are two approaches taken to induce loyalty into consumers in an online context. One approach is to focus on concrete factors. For example, creating a convenient and well-designed online store and offering secure transactions are the keystones of satisfying e-consumers (Szymanski and Hise, 2000). However, all satisfied consumers do not become loyal. Personalization attempts and increasing the social value of online experiences are very important to make consumers build strong brand relationships in the cyber world. Although Nunes and Kambil (2001) argue the opposite, some studies find that personalized Web sites and customer communities are highly influential on the consumer brand relationship especially for experienced Internet consumers (Thorbjornsen, 2002). Besides, businesses that can create trust and increase the perceived value of online shopping can turn their satisfied consumers into loyal ones in the e-marketing environment, too (Anderson and Srinivasan, 2003). The online environment accommodates so many opportunities for creating loyalty that even offline offerings can be effectively facilitated with supporting after sale services provided through the Web (van Riel et al., 2004).

Models and Theory - There are certain attempts to adopt classical attitude behaviour models to explain online consumer behaviour. Theory of reasoned action and, consequently, theory of planned behaviour are the most commonly used models aiming to determine the impact of beliefs, attitudes, and social factors on online purchase intentions. Yoh et al.'s (2003) attempt

to apply theory of reasoned action (TRA) for apparel shopping on the Internet is one such successful example. Some of the other models used in similar studies include the Technology Acceptance Model (TAM) and Flow Theory which are integrated in Koufaris's (2002) study, and Social Cognitive Theory (LaRose and Eastin, 2002). Gentry and Calantone (2002) compare theory of reasoned action (TRA), theory of planned behaviour (TPB) and technology acceptance model (TAM) with respect to their effectiveness in explaining consumers' shop both use on the Web and find technology acceptance model (TAM) to be superior to others.

Repurchase intention and Customer Retention

The concept of repurchase intention is adopted and modified from both social psychology and marketing perspectives. In social psychology, the intention to continue/to stay in a relationship is referred to as relationship maintenance by Social Exchange Theory (Thibaut and Kelley, 1959) and also by Investment Model of Commitment (Rusbult, 1980).

Customers' repurchase intention or customer retention is referred to as a key to *Defensive Marketing strategies* and business success in general (Croninet al., 2000). As competition and costs of attracting new customers increase, companies are focusing on defensive strategies (Barlette, 2007). They focus on protecting the current customer or making them to repurchase rather than primarily concentrate on the*Offensive Marketing Strategies* (Fornell, 1992) which focus on acquiring new customers and increasing market share.

Research Methodology:

The research was conducted among online customers who shop frequently and periodically. A total of 200 samples were taken for the data collection. The tool for collecting data was through questionnaire method. The independent variables taken for the study are:

1)Attitude towards the website

2)Reference group influence

3)Brand Reliability

4)Positive purchase outcome

Findings:

The basic objective of this study was to find influence of theory of reasoned action concept and its influence on the repeat purchase behaviour of online consumer. For the same purpose above said objectives were studied and analysed.

In the study it was found that the attitude towards the website was made strong by collecting information regarding website, contacting previous customers and learning from them. Hence the learning perspective of the consumers helps to build on the attitude formation in consumers.

The effect of reference group also helps on to build attitude which in turn helps the customers to confidently purchase through online. Majority of the consumers (72%) of the consumers seek the advice of reference group before they make their first purchase through online.

Even though the consumers seek the help of reference group, their confidence towards the brand is made much more stronger after they learn/study about the brand reliability factor. The brand reliability is searched by the consumers before making the purchase.

The outcome of the purchase acts as a major factor which adds on to the reasoned action of the consumers. It gives the consumers to again re visit the website rather than trying a new retail website. This factor plays a major role in making repurchase intention.

Conclusion:

The study proved that the repurchase intention of the consumers are strongly related with the positive outcome of the purchase, which was an outcome of the influence of attitude towards the website and reference group influence. The theory of reasoned action which says that the attitude of a consumer towards a behaviour is influenced by the beliefs on the consequences of this behaviour, multiplied by his evaluation of these consequences is applicable in the online scenario also. Here in online scenario the reasoned action is influenced by online virtual factors also like Website attributes reliability of the website etc.

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