# The Effect of Prior Experience, Value Consciousness and Brand Image on Repurchase Intention with Sale Proneness Moderation

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## Abstract

*This study aims to examine the effect of value awareness, previous experience, and brand image on intention to reuse which is moderated by sale proneness with a case study of Uber's online transportation service. Respondents in this study were men and women throughout Indonesia who had used Uber online transportation services. This study uses a quantitative approach that tests several hypotheses using SEM (Structural Equation Modeling) analysis. This study uses primary data by distributing questionnaires over a certain period which are distributed online. The results of this study indicate that there is no significant effect of the Previous Experience variable on the Brand Image variable but there is a positive and significant influence on the Previous Experience variable on the value awareness variable and there is a positive and significant influence on the Brand Image variable on Repurchase. As well as the positive and significant effect of the interaction between brand image and sale proneness on the repurchase variable.*

## I. Introduction

Uber is the first transportation service to offer customers to use an online application to order a car. Uber can be accessed via a smartphone connected to the internet. The mobile application provided assists passengers in providing information about: distance traveled to their destination, estimated fare costs, choice of payment methods, as well as viewing driver profiles. The Uber application is also equipped with a photo of the driver, the type of vehicle being driven, the vehicle registration number and the driver's contact.

Transportation at this time has become a basic need for community activities, especially the activities of the people of North Sumatra. These activities make transportation an important choice with an increasing number of populations using transportation modes, especially public transportation. (Agussani, 2020)

Changes in Uber fares that have an impact on price increases have generated a separate polemic for customers. There are customers who agree with the leveling of tariffs, and there are also those who deplore the price increase. The customer agrees to increase the fare if it is in accordance with the distance traveled and is accompanied by an increase in the quality of both online transportation and conventional taxis. Customers who do not agree are burdensome in terms of prices which in the future will not be easily accessible anymore. This phenomenon shows that customers are aware that they have to get quality in accordance with the costs they pay or what is called value consciousness.

Research Kara et al. (2009) have discussed how the factors that influence the tendency of customers in choosing a brand of an item, based on the role of prior experience (previous experience), and value consciousness (consumer awareness of the value of an item). The study was conducted on residents living in Pittsburgh and York, Pennsylvania,

by distributing 850 questionnaires. The analysis used in this study is by using the method of Structural Equation Modeling (SEM) with a conceptual model used to find factors that influence the selection of product brands by consumers. One of the conclusions generated is that prior experience and value consciousness affect the tendency of consumers to view a product brand.

Research conducted by Alford & Biswas (2002) regarding the effects of discount level, price consciousness, and sale proneness on consumer price perceptions and behavior. This research was conducted on 377 students who used running shoes as the product to be studied. This study concludes that the level of discount affects purchasing intensity decisions, while price consciousness does not have a significant effect on purchase intensity. On the other hand, the higher the sales proneness, the higher the customer's perception of value, as well as the purchase intensity. Overall, this study suggests that the strategy of providing discounted prices and using guarantees against low prices is an effective strategy.

Research conducted by Konuk (2013) investigated the effect of price consciousness and sale proneness on repurchase intention of food whose price is determined from the expiration date. The study was conducted by sampling convenience and conducted using a questionnaire. Data analysis was performed using Structural Equation Modeling (SEM). The results showed a positive relationship between price consciousness and sale proneness. The relationship between price consciousness and repurchase intention itself is a significant relationship, while sale proneness and repurchase intention do not have a significant relationship.

Based on the description of the background above, in this study there is a problem formulation as follows:
1. Does prior experience affect value consciousness?
2. Does prior experience affect the brand image?
3. Does value consciousness affect brand image?
4. Does brand image affect repurchase intention?
5. Does sale proneness moderate the relationship between brand image and repurchase intention?

# II. Review of Literature

## 2.1 Value Consciousness

Value consciousness is defined as something related to low prices, and quality constraints (Alawadi, Neslin & Gedenk, 2001 in Sharma, 2011). Consumers who have value consciousness tend to think about low prices and product quality. They always check prices, and compare prices from different brands, to get the best value for their money. Consumers in emerging markets are more value consciousness and price sensitive because of their desire to get low prices, high price elasticity of demand, and greater propensity to save their money rather than spend on credit (Brouthers and Xu, 2002) in Sharma, 2011.

## 2.2 Prior Experience

Prior experience is expressed as something that can offset the possible risk taking of tourists who want to travel. Prior experience and knowledge of a tourist's place owned by a person will have an effect on information search (Houser and Snepenger, 1990 in Lehto et al., 2004). In Lee & Ma's research (2012), prior experience can influence potential social media users to take action to share news on social media.

## 2.3 Brand Image

Brand image is a collection of associations that are usually organized in a meaningful way. This association holds consumer information about a particular product, which consists of product or non-product attributes, functional experiences, or profit symbols and overall, brand behavior (Keller, 1993 in Grohs & Reisinger, 2014).

## 2.4 Sale Proneness

Sale proneness is defined as an increased tendency of a person to respond to a purchase offer because it is in the form of a sale where the price presented positively affects the evaluation of the purchase (Lichtenstein et al., 1993, in Konuk, 2015). In other words, sale proneness is simply the tendency of customers to buy goods/services when there is a sale or discount (Moore et al., 2003, in Konuk, 2015). Lichtenstein et al. (1993) in Konuk (2015) stated that consumers who have sale proneness tend to evaluate more favorable prices, due to the purchase price in the form of discounts. In other words, discount conditions encourage the purchase of certain products (Jin and Sternquist, 2003, in Konuk, 2015). Jin and Sternquist (2003, in Konuk, 2015), assert that consumers who are always looking for the cheapest prices and consumers who are sale proneness, will constantly look for sales at discount prices to get products at the lowest prices.

## 2.5 Repurchase Intention

Repurchase intention refers to the subjective probability of consumers to re-subscribe to a store, and is the main determinant of purchases made by consumers. Wu et al. (2014). Cronin et al. (2000) in Shin et al. (2013) also found that satisfaction and repurchase intention of a consumer can be increased by offering added value and service quality from existing products/services. Chen (2008) in Shin et al. (2013) concluded that consumer perceptions of service quality and customer satisfaction with the services provided have a positive and significant relationship on the desire to repurchase in the future.

## 2.6 Hypothesis Development
### a. Relationship between Prior Experience and Value Consciousness

Zeithml (1998) in Diallo (2015), states that consumers define value as different things, such as low prices, the benefits they get from the product, the quality they get from the price they pay, and what they get from what they are doing which they give. Meanwhile, other research defines the concept of value consciousness as the quality obtained from the price paid (Jin and Suh, 2005; Sweeney and Soutar, 2001 in Diallo, 2015). That is, value consciousness is consumer awareness of the quality or value obtained from a product/service whether or not it is in accordance with the costs incurred. Because of consumer awareness of this price, Uber must be able to attract consumers to continue using its services, even with the increase in tariffs. As stated in the study of Lehto et al. (2004), where prior experience can offset the possible risk-taking of tourists who want to travel. Likewise, if it is associated with Uber consumers who already have prior experience, of course they know how good the service has been provided by Uber. If they feel that their prior experience in using Uber is good, it will affect value consciousness to be good too. Based on the description above, in this study the following hypothesis is proposed: Prior Experience has a positive effect on Value Consciousness.

**b. Relationship between Prior Experience and Brand Image**

Branding is generally intended as a strategy to build a trademark of a product/service to the public (Storie, 2008 in Arai et al., 2014). Brand image is defined as the reason or emotional perception of consumers attached to a particular brand (Dobni & Zinkhan, 1990 in Arai et al., 2014). Another understanding comes from Keller (1993) in Arai et al. (2014), that brand image contains customer perceptions of certain brands which are reflected by products that are always used by customers and are in their memory. So what is meant by brand image is how a product is embedded in consumers' memories and is able to make consumers loyal customers of the product. Prior experience that has been felt by Uber customers will certainly leave a distinct impression in the minds of consumers. This good impression will form a trademark or a separate mark for Uber, or in other words, is something that customers only get if they use Uber's services. Customers can associate the attributes of the brand based on past experiences, which will form a good brand image for Uber. Based on the description above, in this study the following hypothesis is proposed: Prior Experience has a positive effect on Brand Image.

**c. Relationship between Value Consciousness and Brand Image**

Value consciousness is the quality obtained from the price paid (Jin and Suh, 2005; Sweeney and Soutar, 2001 in Diallo, 2015). This means that consumers who have value consciousness will always compare the benefits obtained when compared to the costs incurred. Consumers with value consciousness will choose products that are truly beneficial to them at minimal costs. While brand image is the customer's perception of a particular brand which is reflected by the product that is always used by the customer and is in his memory (Keller, 1993 in Arai et al. (2014). The quality obtained from using Uber, compared to the costs incurred, is considered very profitable. for consumers. So far Uber has provided good service when compared to the costs that must be incurred, this will be embedded in the minds of consumers and also affect consumer perceptions of Uber's services itself. Perceptions formed in the minds of consumers will move in a positive direction also, so that if the value consciousness felt by consumers is positive, then the brand image formed will also be positive.Based on the above description, this research proposes the following hypothesis: Value Consciousness has a positive effect on Brand Image.

**d. Relationship between Brand Image and Repurchase Intention**

Brand image itself can affect repurchase intention by consumers. Repurchase intention or repurchase intention is a situation where consumers are willing and intend to return to make transactions (Wu et al., 2014). Henkel et al. (2006) in Shin et al. (2013), concluded that consumers who are satisfied with the services provided by a company, will have an increase in the desire to return to the company. That is, a good brand image of Uber in the eyes of customers will cause these customers to return to using Uber services. Based on the description above, in this study the following hypothesis is proposed: Brand Image has a positive effect on Repurchase Intention.

**e. The relationship between Sale Proneness moderates between Brand Image and Repurchase Intention**

Indeed, the initial image of Uber and all online transportation in the eyes of customers is a relatively low price when compared to the convenience and security provided. However, with the increase in tariffs, some customers have started to think again about using online transportation services. As is known, that customers tend to prefer using

promo prices when there is a company holding a promo for both products/services. The consumer's response to the promotional activity is called sale proneness. Sale proneness is the tendency of consumers to get the maximum benefit from promotional activities carried out by the company (Shimp, 2013). Customers who have a positive image of certain brands feel that the risk is low, so they do not hesitate to reuse services from Uber. This is reinforced by the existence of prominent promotional forms, including: discounts with promo codes, discount ride to invites, discount promos by distributing uber referral codes that provide benefits for customers so that customers are increasingly encouraged to do repurchase intentions. Based on the description above, this research proposes the following hypothesis: Sale Proneness moderates the positive relationship between Brand Image and Repurchase Intention.
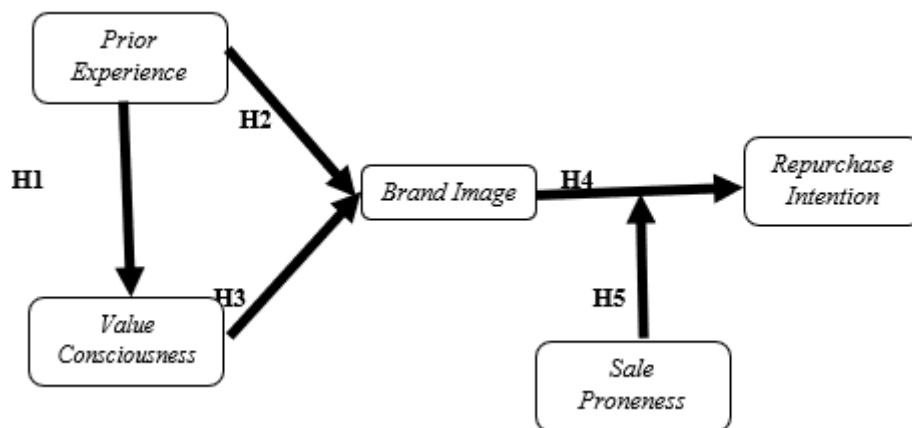


*Figure 1. Conceptual Framework*

## III. Research Method

This study uses a quantitative research approach with an online questionnaire method, the measurement scale is in the questionnaire with 28 question items 5 Likert scale (1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree). Data collection this is done through the distribution of online questionnaires. Determination of the sample is done by using a non-probability sampling method, namely by judgment sampling. Judgment sampling (often known as purposive sampling) is a sampling method in which the researcher selects the sample based on certain criteria. There are some Variable Operational Definitions;

a. Value Consciousness is operationalized as the benefits that uber users get from the price paid. Value Consciousness variable indicators are the development of Diallo et al.'s 2013 research including;
   1. Want the best facilities at low prices
   2. Maximizing the quality you get for the money you spend
   3. Ensure that the money spent is used for things that have the best value
   4. Ensure that the money spent is used for things that have the best value.

b. Brand Image according to Groshs et al., 2014 is defined as operational information that users have about Uber services. In this study, the indicators of the Brand Image variable are the development of the research by Groshs et al., 2014 including:
   1. is one of the best brands in its field
   2. has better quality than its competitors
   3. is a great online transportation service

4. is a brand that does not disappoint its customers
5. has a characteristic that distinguishes it from its competitors
6. is a high-quality online transportation service

c. Prior Experience is operationalized as a user experience using Uber services in the past in Indonesia. In this study, the indicators of the Prior Experience variable are the development of Lehto's 2004 research. These include:
   1. made a strong impression on my visual sense
   2. I don't feel interested in
   3. I have an emotional connection with
   4. I don't have strong feelings towards
   5. I think a lot about when I use it.

d. Sale Proneness is operationalized as a consumer response to Uber's promotional activities according to Shimp, 2013. In this study, the indicators of the Sale Proneness variable are the development of Konuk's research, 2013 including:
   1. When there is a promo, that can be a reason to use it
   2. Feel like you got a good offer when using the promo
   3. I always use the cheaper brand
   4. I tend to use brands that have a discount
   5. I feel happy when I get a discount
   6. I use rebates more often than other people in general

e. Repurchase Intention is operationalized as a consumer's desire to use Uber again according to Wu et al., 2014. In this study, the indicators of the Repurchase Intention variable are the development of research by Wu et al., 2014 including:
   1. I want to use again in the future
   2. I want to use that brand in the future
   3. If possible, I will continue to use the brand
   4. I plan to use again in the future
   5. Next time, I want to use the other facilities offered.
   6. I will always use it as my transportation in the future

## IV. Results and Discussion

**Table 1.** Summary of Hypothesis Testing

|     | Hypothesis | Conclusion |
| --- | --- | --- |
| H1 | *Prior Experience has a positive effect on Value Consciousness* | Accepted |
| H2 | *Prior Experience has no effect on Brand Image* | Rejected |
| H3 | *Value Consciousness Positively Affects Brand Image* | Accepted |
| H4 | *Brand Image has a positive effect on Repurchase Intention* | Accepted |
| H5 | *Sale proneness moderates the influence of Brand Image on Repurchase Intention* | Accepted |

### 4.1 Hypothesis 1: Prior Experience has a positive effect on Value Consciousness

The results of statistical testing indicate that there is a positive and significant effect of the Prior Experience variable on the Value Consciouesnes variable. The results of the calculation of the parameter coefficients between Prior Experience and Value Consciouesnes show a positive effect (0.316) with a T statistic of 4.115 > 1.96.

The results of this study are in line with the results of Zeithml's research (1998) in Diallo (2015), which states that consumers define value as different things, such as low prices, the benefits they get from the product, the quality they get from the price they pay, and what they get from what they give. Meanwhile, other research defines the concept of value consciousness as the quality obtained from the price paid (Jin and Suh, 2005; Sweeney and Soutar, 2001 in Diallo, 2015). That is, value consciousness is consumer awareness of the quality or value obtained from a product/service whether or not it is in accordance with the costs incurred. Because of consumer awareness of this price, Uber must be able to attract consumers to continue using its services, even with the increase in tariffs. In this case, previous experience can play a role in maintaining good customer value consciousness for Uber. Customers who have previous experience with Uber and are satisfied with the existing services will not be bothered by the increase in fares. As stated in the study of Lehto et al. (2004), where prior experience can offset the possible risk-taking of tourists who want to travel. Likewise, if it is associated with Uber consumers who already have prior experience, of course they know how good the service has been provided by Uber. If they feel that their prior experience in using Uber is good, it will affect the value consciousness to be good too.

## 4.2 Hypothesis 2: Prior Experience has no effect on Brand Image

The results of the analysis show that there is a positive but not significant effect of the Prior Experience variable on the Brand Image variable. The results of the calculation of the parameter coefficients between Prior Experience and Brand Image indicate a positive effect (0.071) but not significant with a statistical T value of $1.627 < 1.96$.

Prior experience that has been felt by Uber customers will certainly leave a distinct impression in the minds of consumers. Customers who feel comfortable with the services provided by Uber will form a good brand image for Uber. However, the results of the analysis are still not significant, which means that the Prior Experience felt by the respondent is still not fully getting a good experience.

## 4.3 Hypothesis 3: Value Consciousness has a positive effect on Brand Image

The results of the analysis show that there is a positive and significant effect of the Value Consciouesnes variable on the Brand Image variable. The results of the calculation of the parameter coefficients between Value Consciouesnes and Brand Image show a positive influence (0.720) with a T statistic value of $9.433 > 1.96$.

Value consciousness is the quality obtained from the price paid (Jin and Suh, 2005; Sweeney and Soutar, 2001 in Diallo, 2015). This means that consumers who have value consciousness will always compare the benefits obtained when compared to the costs incurred. Consumers with value consciousness will be aware when choosing products that are truly beneficial for them at minimal costs. While brand image is the customer's perception of a particular brand which is reflected by the product that is always used by the customer and is in his memory (Keller, 1993 in Arai et al. (2014). The quality obtained from using Uber, compared to the costs incurred, is considered very profitable. for consumers. So far Uber has provided good service when compared to the costs that must be incurred, this will be embedded in the minds of consumers and also affect consumer perceptions of Uber's services itself. Perceptions formed in the minds of consumers will move in a positive direction Also, if the value consciousness felt by consumers is positive, then the brand image formed will also be positive.

### 4.4 Hypothesis 4: Brand Image has a positive effect on Repurchase Intention

The results of the analysis show that there is a positive and significant effect of the Brand Image variable on the Repurchase Intention variable. The results of the calculation of the parameter coefficients between Brand Image and Repurchase Intention indicate a positive influence (0.620) with a T statistic value of 8.077 > 1.96.

Brand image itself can affect repurchase intention by consumers. Repurchase intention or repurchase intention is a situation where consumers are willing and intend to return to make transactions (Wu et al., 2014). Henkel et al. (2006) in Shin et al. (2013), concluded that consumers who are satisfied with the services provided by a company, will have an increase in the desire to return to the company. That is, a good brand image of Uber in the eyes of customers will cause these customers to return to using Uber services. Therefore, it would be better for Uber to continue to maintain and improve existing services to keep consumers from leaving Uber even with the existing fare increase.

### 4.5 Hypothesis 5: Sale proneness moderates the effect of Brand Image on Repurchase Intention

The results of the analysis show that there is a positive and significant effect of the interaction results between Brand Image and Sale proneness on the Repurchase Intention variable. The results of the calculation of the parameter coefficients between interaction variables and Repurchase Intention with a statistical T value of 2.734 > 1.96.

The initial image of Uber and all online transportation in the eyes of customers is that the price is relatively low when compared to the convenience and security provided. However, with the increase in tariffs, some customers have started to think again about using online transportation services. As is known, that customers tend to prefer using promo prices when there is a company holding a promo for both products/services. The consumer's response to the promotional activity is called sale proneness. Sale proneness is the tendency of consumers to get the maximum benefit from promotional activities carried out by the company (Shimp, 2013).

## V. Conclusion

Based on the analysis and discussion, several conclusions were drawn as follows in accordance with the formulation of the research problems;

1. There is a positive and significant effect of the Prior Experience variable on the Value Consciouesnes variable.
2. There is no significant effect of the Prior Experience variable on the Brand Image variable.
3. There is a positive and significant effect of the Value Consciouesnes variable on the Brand Image variable.
4. There is a positive and significant effect of the Brand Image variable on the Repurchase Intention variable.
5. There is a positive and significant effect of the interaction results between Brand Image and Sale proneness on the Repurchase Intention variable

### The findings in this study are as follows

This study resulted in the finding that the Prior Experience Variable was not significant to Brand Image, it showed that the respondents in this study did not have an emotional relationship with Uber and Uber did not have better quality than its competitors, Uber itself was not enough to give a strong impression on the research respondents. This

and the respondents also do not feel that Uber is a high-quality online transportation service.

This research produces some interesting findings for marketers. In marketing strategy decisions, when marketers decide to issue a Sale Proneness policy, of course there are several aspects that marketers must pay attention to in the strategy. In this case, marketers can capture the findings of the authors by paying more attention to aspects such as:

1. Drivers: must comply with the operational standards of the company properly, so that passengers get benefits and services that are commensurate with the costs incurred when being delivered to their destination.
2. Uber party: highlighting active forms of promotion both online and offline, with the aim of attracting consumer enthusiasm and making consumers' memories of Uber stronger than other competitors.

## Limitations and Suggestions

This research cannot be separated from its shortcomings so that it cannot be said to be perfect. The following are suggestions from the author for the next research;

1. Based on the context, this research is only limited to Uber's online transportation service as the object of research, while there are still many online transportation services in Indonesia that can be investigated further. Further researchers can observe the effect of prior experience relationships on other types of online transportation.
2. This study only observes the Prior Experience, Value Consciouesnes, Brand Image variables, in the future the author suggests using other more varied variables by being able to use Sale Proneness and Repurchase Intention moderation on other types of online transportation services.

## Managerial Implications

Based on the discussion and analysis results regarding the influence of financial ratios in determining the value of the company, it is expected to be able to provide benefits to interested parties, both company management, investors, the public and regulators, both the Financial Services Authority (OJK) and Bank Indonesia (BI) where the implications of the research for the parties - The parties are described as follows: First, from the results of this study, it was found that the financial ratios of ROE, CAR and firm size have a positive effect on firm value, meaning that the higher the value of the ratio, it will increase. Meanwhile, LDR and NPL harm firm value, meaning that the high value of the LDR and NPL ratios makes the firm value decrease, and vice versa. In maintaining the value of the ROE, CAR, and Firm Size ratios, management must maintain the value of income (earnings) and capital (capital) by building good relationships with shareholders and carrying out appropriate strategic calculations in channeling and placing public funds as well as assets and paid-up capital so that the ratio is well maintained. Second, for investors in making investment placements, they can see that good financial performance in a company makes the value of the company increase, makes high returns, and becomes prosperous for shareholders. . Third, from the company's financial ratios, regulators such as BI and OJK can continue to update policies to maintain the resilience of the banking industry, one of which is the Bank's capital policy, and seeks to increase risk mitigation based on improving the quality of supervision and strengthening regulations as well as coordinating with the government.

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