

# FACTORS AFFECTING GENERATION Y CUSTOMERS' SATISFACTION WITH ONLINE GROUP-BUYING PURCHASES IN SOUTH KOREA

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## Abstract

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This paper focuses on the customers' satisfaction with online group-buying purchases on the South Korean market. The aim of the paper is to examine a model of Generation Y consumers' satisfaction and the repeat purchase intention applying the theory of Expectation – Confirmation Model and DeLone and McLean IS success model expanded with the customers' trust. The data were obtained through an online survey. All online G-B users from Generation Y in South Korea created the population. The structure of respondents was controlled with variables gender, age and frequency of online G-B purchases. The aspects leading to consumers' repeat purchase intention are determined. The main focus of research within the paper is based on the perceived value of customers' interactions across the online group buying, website's quality, trust, customers' satisfaction and repeat purchase intention. This research is focused on online shopping behaviour of members of Generation Y that use online media in their lives frequently each day. The designed model of relations between determinants was tested by applying the method of Structural Equation Modelling. The results confirm that perceived value and website's quality are the important aspects for South Korean customers from Generation Y to repeat purchase in online group-buying.

**Keywords:** customers satisfaction, expectation confirmation model, online group-buying, repeat purchase intention, structural equation modelling, trust, website quality

## INTRODUCTION

The current phenomenon of e-commerce does not consist only of purchases on e-shops but also contains the online group-buying (G-B), e-auctions etc. In this paper, we focus on the online G-B that refers to a sale method where goods and services are purchased at significantly reduced prices with the required number of buyers participating in the purchase in a limited time (Jang *et al.*, 2013; Shiau and Luo, 2012).

This paper deals with the online group-buying phenomenon in the South Korea. The biggest South Korean online G-B companies are Ticket Monster, We Make Price, Coupang and Groupon Korea. This market increases annually about 360% and the sales take annually around KRW 500 billion ( 360 million). The sales grow exponentially

because the three dominant companies are investing constantly to the online G-B market to the development of this sector (Park, 2014). Despite the exponential growth of the sales, all major online G-B companies announced a loss in last year. It is due to overinvestment, mainly in the fields of marketing and logistics activities (KIET, 2015).

Currently, no dominant player exists in the market. Online G-B companies are very similar to each other, because they sell similar products and services, they operate on the same principles and they spend similar amount of money on advertising or free shipping (Park, 2014).

The online G-B companies are increasingly criticized for aggressive marketing strategy and inadequate customer service. Consumers emphasize the concerns about the deceptive ads, low quality

of services and the rejection of compensations for shoddy or undelivered goods (Park, 2014). Silvestro and Cross (2000) claim that a high consumers' satisfaction rate can lead to a consumer loyalty to the service provider. According to Shiau and Luo (2012), consumers' satisfaction helps companies to establish long-term relationships with consumers. Bhattacharjee (2001) claims that customers' satisfaction together with perceived usefulness of product or service tends to be significant indicators of customer future intentions to continue with purchasing at the retailer. Therefore, it is important to measure and improve the customers' satisfaction.

The aim of the paper is to examine a model of Generation Y online G-B consumers' satisfaction and the repeat purchase intention applying the theory of Expectation – Confirmation Model expanded with the customers' trust. As Erdoğan and Çiçek (2011) claim the discount size is one of the most important motivators to participate in the online G-B. The Expectation-Confirmation Model omits this factor but this model expands possible motivators from another point of view. This approach is one of the most widely used models to describe customers' behaviour.

The paper is focused on the behaviour of customers that are members of Generation Y because it can be predicted that these customers can be frequent customers of online group-buying. Members of Generation Y can be most easily described as people born between years 1980 and 2000. It is very important to note the year of birth is not the most important. Members of Generation Y are typically people who were influenced by modern information technologies such as mobile phones, computers and internet during their adolescence and later, but using of these technologies during their childhood was not so usual (Van den Bergh and Behrer, 2011).

This paper contains the theoretical identification of Generation Y, satisfaction measurement and Expectation-Confirmation Model (ECM). Subsequent practical part of the paper contains the research methodology and an introduction of the method of structural equation modelling (SEM), which is used to evaluate the designed model of consumers' behaviour in the South Korea. Subsequently, the results of the model are

presented. In the final part of this paper, we discuss the findings and present a conclusion.

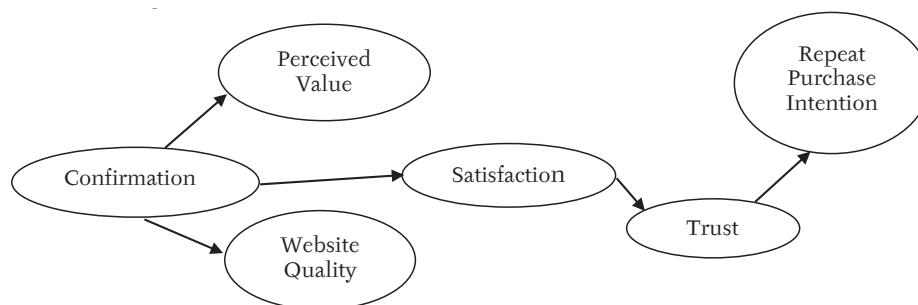
### Theoretical base of Expectation-Confirmation Model and trust

According to Oliver (1999), satisfaction is defined as the psychological condition based on the difference between consumers' expectation and actual satisfaction measured after a purchase. If we measure satisfaction from the customers' perspective, we can use customers' perception about each factor creating contributing to the satisfaction. However, it is not only important to know the perception of each attribute. It is equally important to determine which indicators have the significant impact on the global assessment of the purchase (de Oña *et al.*, 2013).

Marketing specialists usually ask customers to express their opinions about the importance of each satisfaction's indicator directly, but this approach could lead to some erroneous estimations. Respondents can rate some indicators as important even though they have little impact on their overall satisfaction, or they are important only in one part of the assessment process (de Oña *et al.*, 2013). To prevent this erroneous estimation, Weinstein (2000) recommends applying one of the derived methods that identify the importance of the indicators by statistically testing the strength of the relation of the individual indicators with the overall satisfaction. Shiau and Luo (2012) or Hsu *et al.* (2015) apply structural equation modelling in order to measure customers' satisfaction.

As was mentioned above, this paper applies Expectation-Confirmation Model (ECM) by Oliver (1992) in order to design model of customers' behaviour on the G-B portals in South Korea. See Fig. 1.

Confirmation operationalizes the customer's perception of expected benefits. Oliver (2015), using the opposite term "disconfirmation", confirmation compares customer's satisfaction with product or service and the expectations they had of the product/service before purchase. When the performance is worse than expectations, it leads to bad outcome (disconfirmation or negative discrepancy), while exceeding expectations with performance means positive discrepancy and confirmation. Oliver (2015)



1: Proposed model based on Hsu *et al.* (2015)

states that confirmation is cognition based and is positively related to customer's satisfaction which is affective evaluation process (Hsu *et al.*, 2015).

Perceived Value is the overall assessment of a service by the customer, based on the ratio of benefits to costs. In this study, it is understood as benefits gained from the G-B transaction given the time and effort spend. Oliver (2015) states that value is positively related to quality, functionality, pleasure and personal values, while perceived sacrifices are influencing the value negatively. Chiu *et al.* (2012) similarly classify benefits into utilitarian and hedonic values, where utilitarian values refer to acquisition of a product in efficient manner, whereas hedonic values reflect the emotional, fantasy and multisensory aspects of the experience.

Website quality refers to the user's perception of the design of a website where the G-B experience is carried. According to DeLone & McLean (2003), it can be divided into three dimensions: system quality, information quality and service quality. System quality measures ease-of-use, functionality and reliability of the website. Information quality then evaluates the accuracy, timeliness, completeness, relevance and consistency of the information provided by the website. Lastly, service quality scopes the information system and its tangibility, assurance of the employees and empathy for users (DeLone & McLean, 2003).

Trust is then defined as the belief a customer has that others will behave as they expect. The customer is then able to accept certain risks based on their belief that the transaction will meet their expectation (Pavlou *et al.*, 2007). Trust is the mechanism that relieves the uncertainty inevitably tied to the process of G-B (or any online transaction). In this sense, satisfaction can be seen as the antecedent of trust (Hsu *et al.*, 2015). Oliver (2015) claims the role of trust is especially strong when social relationships are involved.

According to Hsu *et al.* (2015), trust then forms customer's intention to repeat the purchase. Customer who forms positive trust is more likely to return to the G-B site and to make another purchase, which is essential for the service. Repeat purchase intention is the main source of profit for most retail businesses. Pavlou *et al.* (2007) state that this is even more important for the online sellers, as they are not able to form trust directly due to the spatial and temporal separation of the seller and customer. The ability to directly compare several G-B sites also

influences forming of customer's trust and therefore the likeliness of repeat purchase.

The variables measuring aforementioned parts of the ECM are specified in part Model analysis and results of this paper.

## MATERIALS AND METHODS

### Data collection

We led the primary research using online questioning in April 2016. All online G-B users from Generation Y in South Korea created the population. The sample contains 169 respondents and the structure of respondents was monitored with variables gender, age and frequency of online G-B purchases. Tab. I contains the complete structure of respondents.

We measure the respondents' opinions about the statements using only closed questions on a Likert scale of 1 to 5, where 1 corresponded to "I fully agree" and 5 to "I fully disagree" with the statement. The statements about the measured variables take the base from Hsu *et al.* (2015). The data measured on a Likert scale were qualified as interval variables. The evaluation of the designed model of behaviour of South Korean members of Generation Y on the online G-B websites was conducted with a method of structural equation modelling (SEM).

### Data analysis

The quantification of the factors in the designed model of customers' behaviour in online G-B according to the ECM and DeLone and McLean IS success model was calculated applying a structural equation modelling. As Ho (2006) claims, a confirmatory way of testing of validity of the designed theoretical models using SEM is better interpretable and therefore we use this approach. The calculations were conducted in SPSS 20 and SPSS Amos 20 at the significance level of 0.05.

### Structural Equation Modelling

A structural equation modelling (SEM) is one of the methods of statistical multivariate analysis. SEM is similar to the regression modelling, but SEM is more sophisticated thanks to the introduction of latent constructs, which help to prove some latent indicators that occur due to respondents' subjectivity (de Oña *et al.*, 2013).

As Nachtigall *et al.* (2003) claim, a general structural model involves of two parts. These are

I: Structure of sample of respondents (n=169)

Frequency of online group-buying purchases		Gender		Age	
Once a fortnight	66.86%	Man	33.14%	18 – 24	32.54%
Once a month	24.26%	Woman	66.86%	25 – 35	67.46%
Quarterly	5.92%	Total	100.0%	Total	100.0%
Less often	2.96%				
Total	100.0%				

a measurement model and a structural model. The measurement model examines the relations between the observed and the latent variables whereas the structural model measures the relations between the latent variables measured. Latent independent (exogenous) variables and latent dependent (endogenous) variables are identified in a structural model (Urbánek, 2000).

A *measurement model* is algebraically expressed as two systems of equations in matrix form (Urbánek, 2000; de Oña *et al.*, 2013):

$$\vec{x} = \Lambda_x \vec{\xi} + \vec{\delta}, \quad (1)$$

$$\vec{y} = \Lambda_y \vec{\eta} + \vec{\varepsilon}, \quad (2)$$

where  $\vec{x}$  represents the vector of the indicator for the vector of latent variable  $\vec{\xi}$ ,  $\vec{y}$  stands for the vector of the indicator for the vector of latent variable  $\vec{\eta}$ ,  $\vec{\xi}$  is the vector for the latent exogenous variable,  $\vec{\eta}$  represents the vector for the latent endogenous variable,  $\Lambda_x$  and  $\Lambda_y$  stand for the matrixes of the structural coefficients for the relations of variables' vectors  $\vec{x}$  and  $\vec{\xi}$  and variables  $\vec{y}$  and  $\vec{\eta}$ , and  $\vec{\delta}$  and  $\vec{\varepsilon}$  present the vectors of residual variables for the vectors  $\vec{x}$  and  $\vec{y}$ .

A *structural model* is algebraically calculated as (de Oña *et al.*, 2013):

$$\vec{\eta} = B \vec{\eta} + \Gamma \vec{\xi} + \vec{\zeta}, \quad (3)$$

where B and  $\Gamma$  represent the matrixes of the structural coefficients of the latent endogenous and exogenous variables and  $\vec{\zeta}$  stand for the measurement errors.

The *validity of the designed model* can be tested with multiple chi-squared tests. We used the CFI and NFI in this paper. The construct validity of the model was tested with coefficient of Cronbach's Alpha.

The comparative fit index (CFI) is algebraically identified as:

$$CFI = \frac{P_N}{P_{N_b}}, \quad (4)$$

where  $P_N$  and  $P_{N_b}$  present the parameters of noncentrality for the estimated and the basic model. The estimated model represents the tested designed model and the basic model represents the null model in which the latent variables do not correlate. The CFI should be close to 1.000 for the optimal model. This index does not fluctuate in a wide range with the sample size (Urbánek, 2000).

The normed fit index (NFI) can be expressed as:

$$NFI = 1 - \frac{F}{F_b}, \quad (5)$$

where F represents the minimum value of the loss function for the estimated model and  $F_b$  stands for the value of the loss function as the minimum for the basic model (Urbánek, 2000). The NFI should take value close to 1.000 for the optimal model (Hooper *et al.*, 2008).

The rate of change of a conditional mean is identified as a regression coefficient. According to Hair *et al.* (2010), if the relations between

the variables are significant the standardized regression coefficients should take values of 0.5 and higher. Hendl (2004) states that the relation between two variables is weak when the actual value of the standardized regression coefficient ranges from 0.0 to 0.3. The average rate of the relation between variables is the case where the actual value of the standardized regression coefficient ranges from 0.3 to 0.7. In case that the standardized regression coefficient ranges from 0.7 to 0.9, it is a strong degree of relation between two variables and in case that the actual value of the standardized regression coefficient ranges from 0.9 to 1.00, it is a very strong degree of relation between two variables.

Cronbach's alpha is one of the most commonly used reliability coefficient, which measures the internal consistency reliability. It is interpreted as an estimate of the lower confidence limit (reliability) for the sum of variable Y, where the components of variable Y do not have to be parallel measurements. Cronbach's alpha can be expressed by equation (Urbánek *et al.*, 2011)

$$\alpha = \frac{k}{k-1} \left( 1 - \frac{\sum_{i=1}^k \sigma_i^2}{\sigma_t^2} \right), \quad (6)$$

where  $k$  stands for the estimated number of (free) parameters,  $\sigma_i^2$  represents the dispersion of the component  $i$  for the sample and  $\sigma_t^2$  is the variance of the measured population. Actual value of Cronbach alpha should be optimally equal to 0.7 and higher for each latent variable. 5. Cronbach alpha should be achieved. If the proposed model of latent variables achieves values of 0.7 and higher, it can be regarded as valid (Urbánek *et al.*, 2011).

## RESULTS

### Model analysis

Fig. 1 shows the analysed research model based on Hsu *et al.* (2015). This model consists of 23 observed and 35 unobserved variables, including 29 residual variables. The measured statements creating the latent variables are described below.

The latent variable *Perceived value* was measured by the observed variables PV1 – PV4. Specifically, the following statements were evaluated:

- PV1 Using the online G-B is a convenient way to shop.,
- PV2 I can use the online G-B to shop anywhere and anytime.,
- PV3 I find shopping at the online G-B stimulating.,
- PV4 I think that purchasing products from the online G-B is interesting.

The second latent variable, *Website quality*, is created by seven observed variables, WQ1–WQ7. Specifically, we explored the respondents' opinions about the following:

- WQ1 The online G-B websites are easy to use.,



- WQ2 The online G-B websites are well designed for users.,
- WQ3 The online G-B websites provide sufficient information.,
- WQ4 The online G-B websites provide reliable information.,
- WQ5 The online G-B websites provide up-to-date information.,
- WQ6 The online G-B websites provide dependable services.,
- WQ7 The online G-B websites give prompt service to consumers.

The third latent variable, *Confirmation*, is expressed with the observed variables CON1 – CON3. To be precise, we explored the respondents' perceptions about the following:

- CON1 My experience with using the online G-B was better than what I expected.,
- CON2 The benefit provided by the online G-B websites was better than what I expected.,
- CON3 Overall, most of my expectations from using the online G-B were confirmed.

Another latent variable, *Satisfaction*, was measured by three observed variables, SAT1–SAT3. Specifically, the following statements were evaluated:

- SAT1 I feel good regarding my decision to purchase products from the online G-B.,
- SAT2 I think purchasing products from the online G-B is a good idea.,
- SAT3 I am satisfied with the experience of purchasing products from the online G-B.

The fifth latent variable, *Trust*, is represented by three observed variables, TRT1 – TRT3. Specifically, the following statements were evaluated:

- TRT1 The online G-B providers are trustworthy.,
- TRT2 The online G-B providers are known as one who keeps promises and commitments.,
- TRT3 The online G-B providers always keep members' best interests in mind.

The last latent variable, *Repurchase intention*, is presented by three observed variables, RPI1 – RPI3. Specifically, we explored the respondents' opinions about the following statements:

- RPI1 If I could, I would like to continue using the online G-B websites to purchase products.,
- RPI2 I plan to continue using the online G-B websites to purchase products in the future.,

- RPI3 It is likely that I will continue purchasing products from the online G-B websites in the future.

### Reliability of the designed model

The reliability of the designed model was measured as internal consistency by Cronbach's Alpha. The Cronbach's Alpha for each latent variable was calculated as (6) in SPSS 20 and the actual values are presented in Tab. II.

According to actual values of Cronbach's Alpha, the designs of all latent variables are valid, because each actual value of Cronbach's alpha for each latent variable is higher than 0.7. It is possible to state that internal consistency of this model is valid.

### Validation of measurement model

In the measurement model, the relations between latent and observed variables are calculated according (1) and (2). See Fig. 2 for the graphical design of the measurement model.

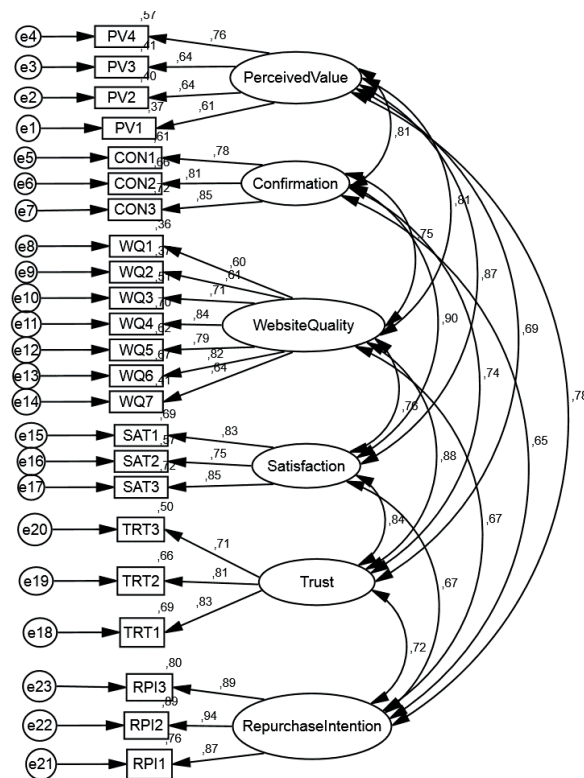
All relations between latent and observed variables are statistically significant according to the actual significance levels at the significance level of 0.05. See Tab. III that show also the actual values of standardized regression coefficient.

The results show that three groups of rate of relation between variables exist in the model. The impact of the observed variables *Using the online G-B is a convenient way to shop* (PV1, 0.607), *I can use the online G-B to shop anywhere and anytime* (PV2, 0.636) and *I find shopping at the online G-B stimulating* (PV3, 0.641) to its latent variable *Perceived value* is average. Also the impact of the observed variables *The online G-B websites are easy to use* (WQ1, 0.602), the variable *The online G-B websites are well designed for users* (WQ2, 0.610) and the variable *The online G-B websites give prompt service to consumers* (WQ7, 0.637) to their latent variable *Website quality* is average.

The most of the observed variables in the model has the strong impact on their latent variables. The observed variable *I think that purchasing products from the online G-B is interesting* (PV4, 0.755) has the strong impact to its latent variable *Perceived value*. The observed variables *The online G-B websites provide sufficient information* (WQ3, 0.713), *The online G-B websites provide reliable information* (WQ4, 0.839), *The online G-B websites provide up-to-date information* (WQ5, 0.788) and the variable *The online G-B websites provide dependable services* (WQ6, 0.820) have also the strong impact to its latent variable *Website quality*.

II: Values of Cronbach's Alpha for each latent variable

Latent variable	Cronbach's Alpha	N of items
Perceived value	0.741	4
Website quality	0.879	7
Confirmation	0.855	3
Satisfaction	0.850	3
Trust	0.825	3
Repurchase intention	0.927	3



2: The measurement model of the South Korean Generation Y consumers' repeat purchase intention to online G-B

III: The actual values of significance and standardized regression coefficient in the measurement model

The observed variable		The latent variable	Significance	Standardized Regression Coefficient
PV1	<---	Perceived value	0.000	0.607
PV2	<---	Perceived value	0.000	0.636
PV3	<---	Perceived value	0.000	0.641
PV4	<---	Perceived value	0.000	0.755
CON3	<---	Confirmation	0.000	0.847
CON2	<---	Confirmation	0.000	0.810
CON1	<---	Confirmation	0.000	0.779
WQ7	<---	Website quality	0.000	0.637
WQ6	<---	Website quality	0.000	0.820
WQ5	<---	Website quality	0.000	0.788
WQ4	<---	Website quality	0.000	0.839
WQ3	<---	Website quality	0.000	0.713
WQ2	<---	Website quality	0.000	0.610
WQ1	<---	Website quality	0.000	0.602
SAT3	<---	Satisfaction	0.000	0.850
SAT2	<---	Satisfaction	0.000	0.754
SAT1	<---	Satisfaction	0.000	0.828
TRT1	<---	Trust	0.000	0.830
TRT2	<---	Trust	0.000	0.811
TRT3	<---	Trust	0.000	0.706
RPI1	<---	Repurchase intention	0.000	0.873
RPI2	<---	Repurchase intention	0.000	0.944
RPI3	<---	Repurchase intention	0.000	0.894

The same applies to the observed variables *If I could, I would like to continue using the online G-B websites to purchase products* (RPI1, 0.873) and *It is likely that I will continue purchasing products from the online G-B websites in the future* (RPI3, 0.894) measuring the latent variable *Repurchase intention*. These variables have the strong impact on this latent variable. These the variables are the most important variables influencing Generation Y customers' satisfaction with online group-buying in South Korea.

All observed variables measuring the latent variable *Confirmation* have the strong impact on it. Namely these are the observed variables *My experience with using the online G-B was better than what I expected* (CON1, 0.779), *The benefit provided by the online G-B websites was better than what I expected* (CON2, 0.810) and *Overall, most of my expectations from using the online G-B were confirmed* (CON3, 0.847). Also all observed variables measuring the latent variable *Satisfaction* have the strong impact on it. To be precise, these are the observed variables *I feel good regarding my decision to purchase products from the online G-B* (SAT1, 0.828), *I think purchasing products from the online G-B is a good idea* (SAT2, 0.754) and *I am satisfied with the experience of purchasing products from the online G-B* (SAT3, 0.850). The same applies to the observed variables measuring the latent variable *Trust*. To be precise, these are the observed variables *The online G-B providers are trustworthy* (TRT1, 0.830), *The online G-B providers are known as one who keeps promises and commitments* (TRT2, 0.811) and *The online G-B providers always keep members' best interests in mind* (TRT3, 0.706). These variables have the strong impact on this latent variable.

The observed variable *I plan to continue using the online G-B websites to purchase products in the future* (RPI2, 0.944) measuring the latent variable *Repurchase intention* has a very strong impact on its latent variable.

Goodness-of-Fit Indexes of the measurement model

We calculated CFI index as (4) and the NFI index as (5) in SPSS Amos 20; see Tab. IV

The proposed model fits the real data with a score of with nearly 80% (NFI = 0.797). These indexes show that the designed model can be improved to fit with

the data. We can expect that there are some other variables that influence Generation Y customers' behaviour in online G-B in South Korea.

### Validity of structural model

The all relations between latent exogenous and latent endogenous variables in the structural model calculated as (3) are statistically significant. See Tab. V.

The relation between website quality and customers' confirmation is strong. The same applies the relation between the perceived value and customers' confirmation. The confirmation is very strongly connected with customers' satisfaction. Customers' satisfaction is a strong predictor of the customers' trust. The relation between the trust and the repeat purchase intention is also strong.

The structural model of the Generation Y consumers' behaviour in online G-B in South Korea is shown in the Fig. 3.

### Goodness-of-Fit Indexes of the designed structural model

We calculated CFI index of the designed structural model as (4) and the NFI index of the designed structural model as (5) in SPSS Amos 20; see Tab. VI.

According to NFI, the designed structural model fits the real data in 76.8%. Thus, some possibilities to improve the model and fit the real data more exist, because the validation coefficients do not reach the recommended values.

### Discussion, research limitations and managerial implications

This research is quite unique in its concentration on Generation Y because prior studies obviously focused on customers' behaviour of members of all generations. If we compare the results with the results of Hsu *et al.* (2015) that focused on online G-B customers' behaviour in Taiwan there are

IV: The actual values of CFI and NFI for the tested measurement model

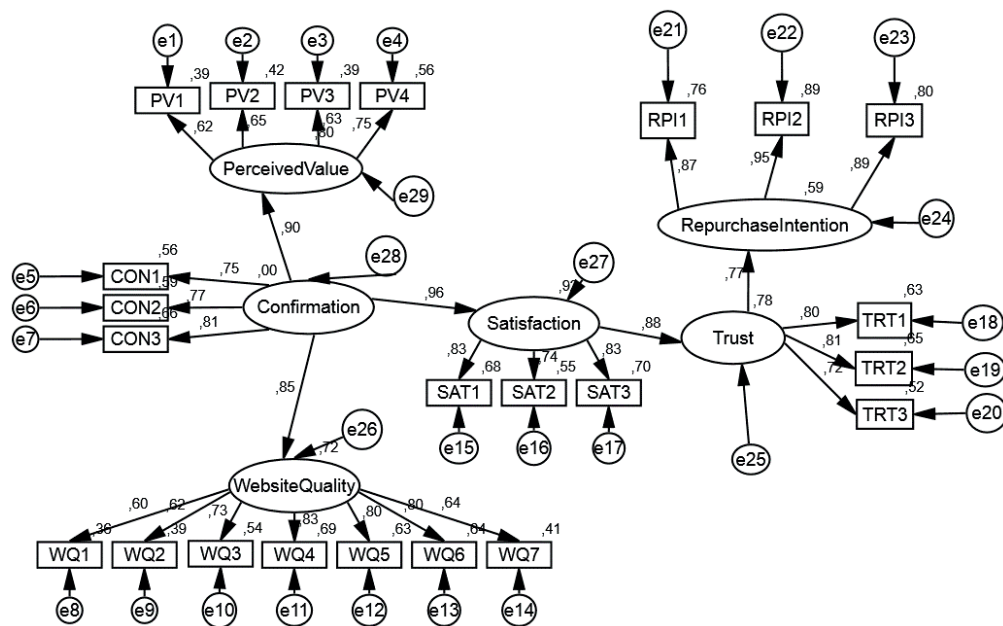
Model	CFI	NFI
Default model	0.855	0.797

V: The actual values of significance and standardized regression coefficient in the structural model

The latent variable		The latent variable	Significance	Standardised Regression Coefficient
Satisfaction	<---	Confirmation	0.000	0.957
Trust	<---	Satisfaction	0.000	0.882
Website quality	<---	Confirmation	0.000	0.847
Perceived value	<---	Confirmation	0.000	0.896
Repurchase intention	<---	Trust	0.000	0.768

VI: The actual values of CFI and NFI for the tested structural model

Model	CFI	NFI
Default model	0.827	0.768



3: The structural model of the South Korean Generation Y consumers' repeat purchase intention to online G-B

very similar results. The results confirm trust and satisfaction are the key factors affecting customers' repeat purchase intention. The findings illustrate that satisfaction has strong influence on trust. These results were also confirmed in Qureshi *et al.* (2009), Kim *et al.* (2009) or Palvia (2009). However, Lin (2013) claims that trust can increase the customer loyalty and customer loyalty leads to repurchase intention. It was found that confirmation, website quality, and perceived value maintain significant relations with customer satisfaction. The impact of website quality on customer satisfaction confirms the results of DeLone and McLean (2004) or Kim *et al.* (2004).

The similarities in consumer behaviour in countries with the study of Hsu *et al.* (2015) could perhaps be described by their relative cultural and social similarity. Hofstede (1984) confirms that there are some geographical regions whose inhabitants have similar cultural and social background. As we can see at Fig. 4, South Korean and Taiwanese cultures are very similar in all cultural dimensions except indulgence.

South Korean inhabitants are more restrained than Taiwanese. The similarity of results also indicates we can omit the impact of generations but this result should be confirmed in a further research.

### Research limitations

The potential limits of this research lie in the application of the ECM as well as the other aspects influencing customer satisfaction with online G-B purchases. Therefore, it is required to apply another theoretical base to identify other important aspects. For example the social exchange theory, the theory of planned behaviour or DeLone and McLean's information success model in extended version can be suitable.

In addition, this research ignores the dual role of customer. The customer of online G-B plays the role of customer of an online G-B website but also the role of customer of a seller. Thus, trust and satisfaction in online G-B should be divided into two dimensions, such as trust in sellers, trust in online G-B website, satisfaction with sellers, and satisfaction with online G-B website.

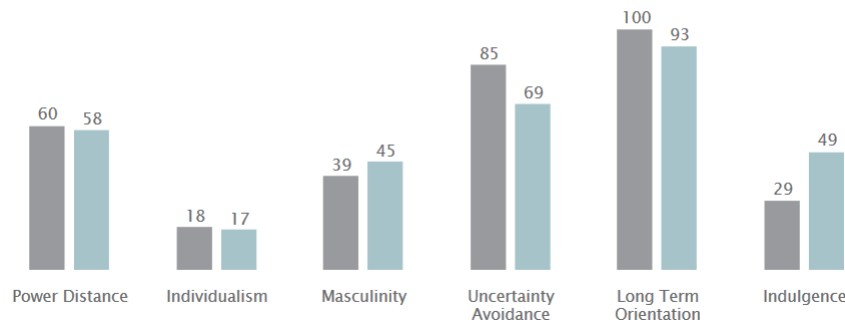
Although, this quite new way of buying is interesting mainly for young people, typically members of the Generation Y, but the same research should be conducted also with the respondents from Generation Z and Generation X or Baby Boomers.

### Managerial implications and suggestions

As the South Korean respondents from Generation Y recommend, online G-B providers should make purchasing of products from the online G-B websites interesting. They should improve possible ways to meet consumers' demands and they should often have new designs about how to promote products or new approaches to selling products. Managers should keep in mind that their customers enjoy online G-B, which is quite a new way of purchasing. This follows the statement that customers desire novelty in each area of product purchasing.

The online G-B providers have to establish credibility and keep promises and commitments. If the management of online G-B websites wants to form a trustworthy impression and establish trust between the websites and their customers, it is possible to endorse money refunds if there is a problem with the service, insurance for vouchers or the possibility to withdraw from the contract. The providers can also set up secure





4: Exploring of South Korean culture through the lens of the 6-D Model according to The Hofstede Centre (2017)

payment possibilities. Trustworthy impression can be improved with certificates of quality and security certificates, and the online G-B providers can become members of associations of online group-buying. Managers should also keep in mind

that quality of information on the online G-B websites is very important. Thus they should offer reliable, up-to-date information about offers on the online G-B websites and the websites should provide dependable services.

## CONCLUSION

Generation Y customers' satisfaction on the South Korean market with online group-buying needs a huge increase. This study explores the Generation Y consumers' satisfaction, trust and repurchase intention to online G-B applying Expectation-Confirmation Model and DeLone and McLean IS success model. The aim of this paper is examine a model of Generation Y consumers' satisfaction and the repeat purchase intention applying the theory of Expectation - Confirmation Model expanded with the customers' trust in the South Korea focusing on the users from the Generation Y. A structural equation modelling was applied and it was found that the designed model is acceptable for the South Korean Generation Y consumers' behaviour in the online G-B. The factors Perceived Value and Website Quality are indicators that influence the consumers' confirmation that has the effect on the customers' satisfaction.

As the South Korean respondents from Generation Y state, online G-B providers should make purchasing of products from the online G-B websites interesting, they should improve the information quality on websites providing reliable, up-to-date information on the online G-B websites and providing dependable websites services. The customers from Generation Y have to feel good regarding their decision to purchase products from the online G-B and they have to be satisfied with the experience of purchasing products from the online G-B. The online G-B providers have to be trustworthy and keep promises and commitments.

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