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Factors Affecting Purchase Intention of Remanufactured Short Life-Cycle Products Didik Wahjudi¹, Shu-San Gan², Juliana Anggono³, and Yopi Y. Tanoto⁴ 1

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ABSTRACT Environmental awareness drives remanufacturing practices. Remanufacturing is reported to be more environmental friendly because it consumes less energy and less virgin materials. In addition, it provides customers more affordable products at the same quality. Previous studies identifies focus on purchase intention of long life- cycle remanufactured products. Short life-cycle products present different challenges. These products have a life- cycle of one to two years. After one year they usually become functionally obsolete and undesirable.

The aim of this study is to explore the influence of 23

various factors on

purchase intention of remanufactured short-life cycle products. A 1

conceptual framework is developed by incorporating factors of

product knowledge, perceived benefit, perceived risk, 1

and purchase attitude. An empirical study was conducted on 300 mobile phone users in Surabaya, Indonesia by utilizing convenience sampling.

The data was examined using structural equation modeling (SEM). The results indicate that 31

product knowledge and purchase attitude have positive correlation with

purchase intention. Perceived benefit and perceived risk 1

do not directly correlate with purchase intention, but they correlate indirectly through purchase attitude.

To the best of our knowledge, this article presents the first empirical study that

10

explore factors influencing purchase intention of remanufactured short life-cycle products. Key Words: purchase intention, remanufacturing, short life-cycle product, mobile phone, empirical study, Indonesia
INTRODUCTION Mobile phone is a short life-cycle product with a useful lifespan of 18 months or less (Franke, Basdere, Ciupek, & Seliger, 2006). The rapid speed of mobile phone technology development reinforced with the fast change of customer needs cause the ever increasing

waste electrical and electronic equipment (WEEE). Remanufacturing as one important element of

44

closed-loop supply chains offers an attractive solution to

53

this environmental problem. Remanufacturing not only needs less energy but also requires less virgin materials (Ijomah, 2009). However, even though remanufacturing offers a good solution for the increasing landfill of WEEE, the feasibility of remanufacturing practice depends on the customer acceptance of the remanufactured products (Wang & Hazen, 2016). Many studies have been conducted on the supply aspects of remanufacturing practices, but little attention is given on the demand issues (Jimenez-Parra, Rubio, & Vicente-Molina, 2014). Among studies that try to investigate factors affecting consumer behavior, only van Weelden, Mugge, and Bakker (2016) studies customer acceptance of remanufactured mobile phones. Through their in-depth interview in Netherlands, van Weelden et al. (2016) identify that lack of awareness and a misunderstanding of remanufacturing concept prohibit it from reaching the full potential. Besides their study, there is no other study

conducted on the acceptance of remanufactured mobile phones

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especially in the developing countries. On the other hand,

Wang, Wiegerinck, Krikke, and Zhang (2013)

56

develops an empirical framework measuring

the influence of subjective norm, perceived behavioral control, purchase

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attitude,

perceived risk, perceived benefit, and product knowledge on purchase intention

1

of automobile spare parts. This study aims to investigate factors affecting

purchase intention of remanufactured mobile phones in Indonesia using the empirical model

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proposed by Wang et al. (2013). However, not all factors from Wang et al. (2013) can be investigated.

Subjective norm and perceived behavioral control

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are not feasible to be investigated because remanufactured mobile phone is not available yet in Indonesia.

The rest of the paper is structured as follows. Literature review on

2

remanufacturing, closed-loop supply chain, short life-cycle products and the development of research framework

is provided in Section 2. Section 3 discusses

48

the sample, sampling procedures, and the measures

used in this study. In Section 4, data analysis of results and discussion of findings are presented. Finally, conclusions, limitations, and recommendations for future research are given in Section 5. LITERATURE REVIEW 3

CLOSED-LOOP SUPPLY CHAIN Closed-loop supply chain (CLSC) has 24

been recognized as a solution to environmental concerns. CLSC has two parts,

the forward supply chain and the reverse supply chain. While the forward supply chain 16

is concerned with moving

products from suppliers to customers, the reverse supply chain is related to the movement of used/unsold products from customers to suppliers 11

(Kannan, Sasikumar, & Devika, 2010). The returned products will then go through a recovery process before being sold to the market. Lund (1984) classifies the recovery process of products into three categories, i.e. reconditioning, remanufacturing, and recycling. Here are the definitions of them. ? Reconditioning is a process to return a product to a satisfactory state that is not necessarily the same with of the new product (Ijomah, 2009). ? Remanufacturing is a process to return a

product to its original specification or better and furnished with a warranty 27

that is the same with of the new product or better (Ijomah, 2009). ? Recycling is a process to recover material value by converting the component material into the same or lower quality material (Ijomah, Bennett, & Pearce, 1999; Lund, 1984) . Figure 1 illustrates the difference among these three CLSC methods. Figure 1: The Difference between Reconditioning, Remanufacturing, and Recycling (adapted from Lund (1984)) Remanufacturing practice is identified to be driven by environmental, legislative, and economic factors Amezquita, Hammond, Salazar, and Bras (1995). Remanufacturing provides attractive solution environmentally because it uses less virgin material, consumes less energy, and reduces landfill (Amezquita et al., 1995; Ijomah, 2009). Growing concern over environmental issues such as diminishing landfill space prompts governments to enforce take-back regulation, which requires manufacturers to retract their

products at the end of their life cycle. In this 40

case, remanufacturing offers desirable solution to convert waste into resalable product (Amezquita et al., 1995). In terms of economics, remanufacturing provides profitable options to remanufacturers and consumers. Remanufacturers benefit from much less capital investment to do remanufacturing, while consumers take advantage of cheaper products that have same value compared to the new ones (Amezquita et al., 1995). SHORT LIFE-CYCLE PRODUCT Remanufacturing has been practiced more than three decades (Lund, 1984). It is known to provide good solution that supports take-back requirements compared to recycling (Amezquita et al., 1995). Lund (1984) describes remanufacturing is very suitable for long life-cycle and technologically stable products. Short life-cycle products such as mobile phone present a challenge for remanufacturing practices. Mobile phones have a use span of 18 months or less (Franke et al., 2006). In addition, mobile phones' feasibility to be remanufactured is worsened by the facts that they have rapidly declining and comparatively low value (Franke et al., 2006). However, the exponentially growing waste of unutilized mobile phones needs to be solved, either by remanufacturing or by recycling. CONSUMER BEHAVIOR ON REMANUFACTURED PRODUCTS The feasibility of remanufacturing depends critically on customer acceptance of the

remanufactured products (Guide & van Wassenhove, 2009; van Weelden et al., 4

2016). However, most publications have been dedicated to the supply side and operations management of remanufacturing (Govindan, Soleimani, & Kannan, 2015;

Jimenez-Parra et al., 2014; Wang et al., 2013). 5

Very few papers are found on the area of consumer behavior on remanufactured products

(Jimenez-Parra et al., 2014). In most studies the 4

existence of market for remanufactured products is assumed (Wang et al., 2013). Efforts to investigate customer acceptance of remanufactured products are presented, among others, by Hazen, Overstreet, Jones-Farmer, and Field (2012),

Wang et al. (2013), Jimenez-Parra et al. (2014), Gaur, 4

Amini, Banerjee, and Gupta (2015), and van Weelden et al. (2016). Consumer behavior studies on remanufactured products are mainly conducted through interviews and surveys. Gaur et al. (2015) identify

environmental consciousness level, individual values, post-use perceptions, nature of purchase, and socio-cultural norms as main drivers for 6

purchase intentions through grounded theory-based interview. In addition, they indicate that price, brand, product quality, and service quality are the underlying factors behind customers' decision to purchase remanufactured products over new ones. van Weelden et al. (2016), conducting

in-depth interviews with consumers of remanufactured and new mobile phones, 5

identify that misconception

of remanufactured products, lack of awareness, lack of availability, and 47

lack of the thrill of newness as the 5

barriers for remanufactured mobile phones to be considered in the consideration phase. In addition, they find that

personal, contextual, and product-related factors 5

play important role during the evaluation phase. Survey to identify factors affecting purchase intention of remanufactured products are conducted by Jimenez-Parra

et al. (2014), Hazen et al. (2012), and Wang et al. (2013). Jimenez-Parra et al. (2014) 19

identify

subjective norm, motivations, and marketing mix variables 4

as factors that affect purchase intention of remanufactured laptops.

Hazen et al. (2012) report the link among ambiguity tolerance, perceived quality, and willingness to pay for remanufactured products. 14

They describe a person with high ambiguity tolerance as a person that is willing to try new things and experience uncertain situation. Ambiguity tolerance is identified to be positively related with

perceived quality and willingness to pay. 12

The

relationship between ambiguity tolerance and willingness to pay is partially mediated by perceived quality 12

(Hazen

et al., 2012). Wang et al. (2013) develop a more comprehensive framework that 4

links

theory of planned behavior, theory of perceived risk, 1

product knowledge and perceived benefit. Conducting the survey on 288 respondents, they identify that

purchase intention of remanufactured automobile products is directly correlated with purchase attitude 1

and perceived behavioral control, while

perceived risk, perceived benefit, and product knowledge 1

are indirectly correlated with purchase intention through purchase attitude. Among the six types of risks they take into account,

i.e. financial, physical, performance, time, social and resource risks, 42

the most dominant predictors of perceived risk are financial and performance risks (Wang et al., 2013). CONCEPTUAL FRAMEWORK This study adopted the conceptual framework proposed by Wang et al. (2013). They study the

impact of product knowledge, perceived benefit, perceived risk, 1

purchase

attitude, subjective norm, and perceived behavioral control on purchase intention. However, 26

only five out of those seven variables were included in this study. Proposed indicators

for subjective norm and perceived behavioral control 15

were not relevant in our study because remanufactured mobile phone is still not available in Indonesia. The following describes five variables that were examined in our study. Product Knowledge Product knowledge refers to consumers' familiarity and expertise about a product (Rao & Monroe, 1988; Wang et al., 2013).

Familiarity is defined as the amount of experiences a consumer has with the 1

product, while

expertise is the capacity to conduct product-related 1

assignments effectively (Rao & Monroe, 1988). Product knowledge is identified to improve purchasing decision by reducing uncertainty and providing better understanding about the product concept (Wang

et al., 2013). van Weelden et al. (2016) 45

report that customers that lack of knowledge of remanufactured products may assume that they are of low quality, which in turn will reduce their willingness to pay (WTP). On the other hand, it is argued that consumers that have more knowledge about remanufactured product are more likely to purchase it (Gaur et

et al., 2016). Wang et al. (2013) utilize **quality, performance, price, type, and** 2

eco label as indicators of product knowledge. Perceived Benefit Perceived benefit is identified to influence purchase attitude and purchase intention (Wang et al., 2013). Literature reports that users of remanufactured products are driven primarily by environmental and economic concerns. Environmental awareness is indicated as the motive behind the use and purchase

of remanufactured products (Gaur et al., 2015). Michaud and 52

Llerena (2011) claim that environmental awareness increases consumers' perception on value of remanufactured products over the conventional ones. A construct proposed by Wang et al. (2013) that measures the benefits remanufactured products in terms of reduced purchase price, conservation of natural resources, and reduced environmental hazards are utilized in this study. Perceived Risk

Perceived risk is defined as uncertainty about some **negative consequences** resulted from a 34

purchase decision (McCorkle, 1990). It is identified as a crucial factor that influences purchase intention (Grewal, Gottlieb, & Marmorstein, 1994). Wang et al. (2013) propose the utilization six indicators, i.e.

performance, time, physical, financial, social and resource risk, 1

to measure perceived risk. Several studies identify

that perception of **low quality on remanufactured products** discourages consumers' 6

purchase intention (Gaur

et al., 2015; van Weelden et al., 2016; Wang et al., 2013). van Weelden et al. 20
(2016) suggest that **the**

negative impact

of perceived risk on purchase intention can be alleviated by 41

using positive brand image, while Gaur et al. (2015) recommend the implementation of improved after-sales service to reduce this bad effect. Purchase Attitude Purchase

attitude is defined as individual's overall positive or negative assessment of performing a 1

purchase

(Wang et al., 2013). Moreover, Wang et al. 6

(2013) identify that

purchase attitude is the most dominant predictor of purchase intention followed by 46

perceived behavioral

control. The more positive the attitude towards the remanufactured product is the stronger the 25

intention to purchase that product will be

(Jimenez-Parra et al., 2014). Wang et al. (2013)

5

propose four questions about consumers' opinion, idea, and feeling about buying remanufactured products to measure purchase attitude. Purchase Intention Earlier studies on market acceptance of remanufactured products utilized

willingness to pay (WTP) (Guide & Li, 2010; Hazen et al.,

4

2012; Michaud & Llerena, 2011; van Weelden et al., 2016). More recent studies propose the use of purchase intention to measure consumer behavior (Gaur et al., 2015;

Jimenez-Parra et al., 2014; Wang & Hazen, 2016; Wang et al., 2013).

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Wang et al. (2013) argue that purchase intention

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is the closest predictor of consumers' purchase behavior. Jimenez-Parra

et al. (2014) identify that purchase intention of remanufactured

6

laptop is influenced by purchase attitude,

subjective norm, motivations, and marketing mix variables. Wang et al. (2013) indicate that

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purchase intention of remanufactured automobile parts is influenced by purchase attitude,

1

perceived behavioral control,

perceived risk, perceived benefit and product knowledge.

1

Based on the above discussion, the following hypotheses are

8

developed: H1:

Product knowledge is positively correlated with

18

customers' purchase attitude towards remanufactured mobile phones.

H2: Product knowledge is positively correlated with

18

purchase intention of remanufactured mobile phones. H3: Perceived benefit is positively

1

correlated with customers' purchase attitude towards remanufactured mobile phones. H4:

Perceived benefit is positively correlated with

54

purchase intention of remanufactured mobile phones. H5:

Perceived risk is negatively correlated with customers'

50

purchase attitude towards remanufactured mobile phones. H6:

Perceived risk is negatively correlated with purchase intention

49

of remanufactured mobile phones. H7: Purchase attitude is positively correlated with purchase intention of remanufactured mobile phones. The conceptual framework

of this study is given in the following Figure 2. Figure

39

2: The Conceptual Framework METHOD SAMPLE AND PROCEDURES Target population of this study consisted mobile phone users who had the capacity to make a purchase decision. The survey was conducted on mobile phone users in shopping malls and campuses in Surabaya, Indonesia. Prospective respondents were asked whether they were familiar with the concept of remanufacturing. Those who knew the concept of remanufacturing may continue filling the questionnaire, while those who did not know remanufacturing would be given a description of what remanufacturing is. 300 completed questionnaires were collected. Some demographic variables were identified during the survey. Most respondents (86%) had low and middle low income. 77%

of respondents were between 18 and 30 years of age.

37

Complete

demographic profile of respondents is provided in Table 1. Table 1

17

Demography of Respondents

Frequency Percentage Frequency Percentage Gender Male Female Monthly income Less than 3 mio rupiahs 3-7.5 mio rupiahs 7.5-15 mio rupiahs 15-25 mio rupiahs More than 25 mio rupiahs Occupation Entrepreneurs Employees Military personnels Professionals University students 131 169 43.7% 56.3% 131 127 28 8 6 43.7% 42.3% 9.3% 2.7% 2.0% 51 138 10 17 84 17.0% 46.0% 3.3% 5.7% 28.0% Age

Under 18 years 18-23 years 24-30 years 31-40 years 41-50 years Above 50 years

13

Education Elementary Junior high Senior high Diploma Bachelors Masters Doctorates 5 106 125 40 21 3 3 5 72 26 172 17 5 1.7% 35.3% 41.7% 13.3% 7.0% 1.0% 1.0% 1.7% 24.0% 8.7% 57.3% 5.7% 1.7% THE MEASURES This study utilized constructs proposed by Wang et al. (2013). However, two constructs were not included because they were not relevant in the context of our study, i.e.

subjective norm and perceived behavioral control. The questions were

15

translated into Indonesian and pre-tested by selected respondents to get feedback about clarity of guideline and questions.

Survey instrument of this study comprised of two parts. The first part

2

were questions about respondents' profile,

while

the second part consisted of indicators of the

2

five constructs, i.e. product knowledge, perceived benefit, perceived risk, purchase attitude, and purchase intention.

Five-point Likert scale was used for all 23 indicators in the second part, where

28

1 = strongly disagree and 5 = strongly agree. FINDINGS Data analysis

29

began with conducting screening for missing

data. There was no missing data

51

found in the raw data. However, 19 respondents were found to respond indifferently. These 19 responses were removed from further analysis. In the next step, we performed univariate outlier screening and found two cases to be univariate outliers, i.e. cases with z value of more than 4.0 (Hair, Black, Babin, & Anderson, 2010).

Mahalanobis distance (D2) divided by the number of variables 3

was used to identify multivariate outliers. We adopted

a conservative p-value of 0.001 as recommended by Hair et al. (2010) to determine multivariate outlier cases. 2

This assessment detected 23 cases to be multivariate outliers and deleted from the data.

Two-step approach proposed by Anderson and Gerbing (1988) 36

were used to analysis data in this study. First, we developed measurement models for all variables, i.e.

product knowledge, perceived benefit, perceived risk, 1

purchase attitude, and purchase intention. Next, we 1

developed structural models to examine the relationship among the five variables. MEASUREMENT MODEL Measurement models of all variables indicated satisfactory results. Scale validity and reliability for

product knowledge, perceived benefit, perceived risk, 1

purchase attitude, and purchase intention are given in Table 2. We retained items with loading greater than 0.45 especially if the reliability measure drops significantly when those items are removed. From the initial model one item each was removed from perceived benefit and perceived risk. All constructs satisfied the requirement for good validity and reliability recommended by

Hair et al. (2010), that is factor loadings greater than 0. 35

45 and Cronbach's α values at least 0.7. Model fits also satisfied the requirement

recommended by Hair et al. (2010), that is models with number of indicators between 12 and 30 and number of observations 2

of more than 250 should have CMIN

/DF ≤ 3 , CFI ≥ 0.92 , RMSEA ≤ 0.07 , and SRMR ≤ 0.08 . 21

Table 2

Scale Validity and Reliability for All Variables Scales Items Loading Cronbach's α 3

Scales Items Loading Cronbach's α Product Knowledge pk_1 0. 2

81 0.885 Perceived Risk pk_2 0.88 pk_3 0.75 pk_4 0.75 Perceived Benefit ben2 0.80 0.878 ben3 0.86 Purchase Intention ben4 0.87 Perceived Attitude att1 0.91 0.929 att2 0.91 att3 0.83 att4 0.86 pr_1 0.88 0.851 pr_2 0.88 pr_3 0.70 pr_4 0.68 pr_6 0.49 pi1 0.84 0.927 pi2 0.86 pi3 0.83 pi4 0.91 pi5 0.80

Notes: CMIN/DF = 1.429, CFI = 0.980, RMSEA = 0.041, and SRMR = 0. 3

0589 STRUCTURAL MODEL A structural model was developed using all variables obtained from the first step to test relationship among them. The structural

model fit indicated satisfactory results with CMIN/DF = 1.426, CFI = 0.976, RMSEA = 0.041, and SRMR = 0. 3

0589. Table 3 provides the standardized effect estimates of all correlations. Product knowledge was positively correlated with purchase attitude with standardized regression weight (β) = 0.191 and $p < 0.001$. Perceived benefit was also positively correlated with

purchase attitude ($\beta = 0.581$ and $p < 0.001$), while perceived 1

risk was negatively correlated with

purchase attitude ($\beta = -0.402$ and $p < 0.001$). 1

The Thus, H1, H3, and H5 were all supported.

Product knowledge, perceived benefit, and perceived 1

risk explained 62.7% of the variance of purchase attitude towards remanufactured mobile phones ($R^2 = 0.627$). A path diagram was developed to examine the mediating effect of purchase attitude

on the relationship between product knowledge, perceived benefit, perceived risk, and purchase intention. The 9

path diagram is shown in Figure 3. Perceived attitude was identified to be correlated with purchase intention ($\beta = 0.753$ and $p < 0.001$). Therefore, H7 was also supported. In the presence of purchase attitude, only direct effect of product knowledge on purchase intention was significant ($\beta = 0.156$ and $p = 0.001$), while

direct effects of perceived benefit and perceived risk on purchase intention were 10

no longer significant.

Therefore, hypothesis H2 was supported, while hypotheses H4 and H6 were not supported. 30

The indirect effects of product knowledge, perceived benefit, and perceived risk on purchase intention through 22

purchase attitude were all significant with standardized regression weight of 0.144, 0.438, and -0.301, respectively. It can be inferred that the effects of product knowledge on purchase intention was partially mediated by purchase attitude, while

the effects of perceived benefit and perceived risk on purchase intention were 38

fully mediated by purchase attitude. There were five control variables that we tested in our structural model, i.e. gender, age, education, monthly income, and occupation. However, only gender and income exhibits significant effects on purchase intention. Gender and income were negatively correlated with purchase intention with $\beta = -0.203$ and -0.137 , respectively. It implied that male phone users and lower income users were more likely to purchase remanufactured mobile phone. A further analysis on the source of difference between male and female responses showed that male respondents had significantly better product knowledge ($p = 0.015$). Including all predictors and control variables, the model explained 73.3% of variance of purchase intention of remanufactured mobile phones ($R^2 = 0.733$). Figure 3 Path Diagram of All Variables Table 3 Table of Effect Estimates and their p-values Relationship Direct Effect p Indirect Effect p Comment Gender – Purchase Intention Income – Purchase Intention Product Knowledge – Purchase Attitude

Perceived Benefit – Purchase Attitude Perceived Risk 1

– Purchase Attitude Purchase Attitude – Purchase Intention Product Knowledge –

Purchase Intention Perceived Benefit – Purchase Intention Perceived Risk – Purchase Intention 9

-0.203 < 0.001 -0.137 0.002 0.191 < 0.001 0.581 < 0.001 -0.402 < 0.001 0.753 < 0.001 0.156 0.001 0.081 0.866 -0.066 0.112 - - - - -0.144 0.001 0.438 0.001 -0.301 0.001 Partial mediation Full mediation Full mediation DISCUSSION There are three findings from this study. First, it confirms the finding of Wang et al. (2013) that product knowledge and perceived benefit have positive effects on purchase attitude, while perceived risk produces negative impact on purchase attitude. Second, both purchase attitude and product knowledge have positive impact on purchase intention of remanufactured mobile phones. This finding is contrary to their report that product knowledge has negative effect on purchase intention (Wang et al., 2013). Third, we identify the impact of gender and income on purchase intention. The following paragraphs explain these findings. Product knowledge is identified to have direct and indirect positive impact on purchase intention. The more knowledge the prospective customers have about remanufactured mobile phone the stronger their purchase intention is. Wang et al. (2013) do not find the direct impact of product knowledge on purchase intention. They conducted their survey on automobile part users, while our study surveyed users of mobile phones that represented short life-cycle products. Product knowledge seems to have more crucial impact in short life-cycle products such as mobile phone because it assures customers that even though there is rapid advancement in mobile phone technology, the remanufactured product has been equipped with the necessary upgrades to function properly. Our finding is also

in line with the findings of Gaur et al. (2015) and van Weelden et al. 8

(2016). An individual that has the knowledge about a remanufactured product is more likely to purchase that product because they can identify the performance level, features, price range, and warranty of a remanufactured product. Perceived benefit is identified only has indirect impact on purchase intention through purchase attitude. Wang et al. (2013) propose a construct that measures economic and environmental benefit of purchasing remanufactured products. However, our respondents only agreed on the environmental benefit. That is why indicator ben1 that measures economic benefit was dropped because of insufficient factor loading. It can be inferred that most prospective users of remanufactured mobile phones are primarily driven by environmental concern. The fact that most of our respondents were surveyed in middle class and upper middle class environment may present a bias. It is probably the cause that economic benefit does not produce satisfactory factor loading. Perceived risk is indicated to have negative impact on purchase attitude. Our finding confirms the finding of Wang et al. (2013) that perceived risk has negative impact on purchase intention and indirect negative impact on purchase intention. In addition, we also observed social risk (ben5) did not produce satisfactory factor loading as reported by Wang et al. (2013). Our study also indicates that purchase attitude is a dominant predictor of purchase intention ($\beta = 0.753$ and $p < 0.001$). Although perceived benefit and perceived risk had high standardized regression weights on purchase attitude, they did not have direct impact on purchase intention. In other words, perceived benefit and perceived risk can only affect an individual's attitude towards purchasing a remanufactured mobile phone.

This finding is in line with the report 8

of Wang et al. (2013). In addition to the findings of Wang et al. (2013), we observe that gender has significant impact on purchase intention. Previous study conducted by Wang and Hazen (2016) also identify that males have higher purchase intention of remanufactured products compared to females. The finding that male respondents have better product knowledge explains this result. It is easier for them to make decision because they know what a remanufactured mobile phone is. We also notice that income level has a significant impact on purchase intention of remanufactured mobile phones. Remanufactured mobile phones are more attractive to people from lower income level. This finding is also reported by Ijomah (2009). This situation is very reasonable because higher income individuals have more options on mobile phone purchase. van Weelden et al. (2016) describe two classes of mobile phone users, utilitarian users and hedonistic users. Utilitarian users focus on the quality and function of the products, while hedonistic ones emphasize on receiving pleasure and excitement in buying the new product (Gaur et al., 2015). Therefore, it is quite plausible that higher income people tend to exhibit stronger hedonistic behavior compared to the lower income people. CONCLUSION Study on consumer behavior of remanufactured products are very limited. This study aims to explore the

influence of product knowledge, perceived benefit, perceived risk, and purchase attitude on purchase intention 33

of remanufactured mobile phone. Purchase attitude and product knowledge are identified to have positive impact on purchase intention of remanufactured mobile phone, while perceived benefit and perceived risk influence purchase intention through purchase attitude. It appears that product knowledge is important in affecting purchase intention of remanufactured short life cycle products, and this is not necessarily true for products with longer life-cycle.

This study has some identified limitations. First, this study utilized convenience sampling. The 32

fact that the survey was conducted in shopping malls and campuses in Surabaya, Indonesia induces limitation the generalization of the findings. The second limitation comes from the availability of remanufactured mobile phone in Indonesia. There is no real remanufactured mobile phone available in

Indonesia. Respondents were asked to provide feedback based on imaginary remanufactured mobile phones. This situation might introduce bias on their responses. However, this study is necessary to examine factors that will influence their purchase intention on the real products later on. The third limitation is that we do not address brand difference in this study that has been identified as an important factor in some studies. Incorporating brand difference in factors affecting purchase intention could be an interesting and important future research. Recommendation for future research will be conducting similar study on different short life-cycle products with a more random sampling method.

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