Effect of service quality, price, and brand image on repurchase intention with customer satisfaction as an intervening variable

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Abstract

This study aims to determine the Influence of Service Quality, Price, and Brand Image on Repurchase Intention with Customer Satisfaction as an intervening variable: A case study at Toko Pantes Ngemplak Pati. This research is conducted using quantitative research, which employs a research instrument in the form of a questionnaire. The sample in this study consisted of 125 respondents. The sample was taken using simple random sampling method, meaning that respondents who became the research sample were encountered by the researcher during the study without considering specific characteristics. The research data were analyzed using Structural Equation Modeling (SEM) statistical method with Amos 23 application. This research already has data that meet validity and reliability tests. This indicates that the data results have met the requirements of the model to proceed to hypothesis testing. The results of this study indicate that: (1) Service Quality does not influence Customer Satisfaction, (2) Price influences Customer Satisfaction, (3) Brand Image influences Customer Satisfaction, (4) Service Quality influences Repurchase Intention, (5) Price influences Repurchase Intention, (6) Brand Image does not influence Repurchase Intention, (7) Customer Satisfaction influences Repurchase Intention.

Keywords: Service Quality, Price, Image, Customer Satisfaction, Repurchase Intention

Introduction

In the midst of increasingly diverse and selective consumer needs in the current era of globalization, many stores strive to develop products and continue to innovate to meet the tastes and needs of consumers. The influence of globalization in industries becomes one of the factors driving a store to continuously develop to meet quality products and improve their service

quality (Widiyanto et al., 2023). Many retail businesses that were initially managed traditionally have shifted course to become modern retail stores along with the development of this industry, resulting in innovative, active, and competitive businesses (Ghosh, 1992). Despite the increasing number of local, national, and international shopping centers with various scales and targeted segments, there is still intense competition in the retail industry.

Stores that want to survive and excel must be able to provide high-quality products and services and provide good service so that customers decide to repurchase goods and services at the store (Fahruddin et al., 2023). Entrepreneurs must be able to seize current business market opportunities by identifying customer desires and needs so that customers can feel satisfied and ultimately become loyal customers. Businesses that employ marketing concepts must pay attention to consumer behavior and the factors that influence their product purchasing decisions (Trianjani et al., 2023). This is because, within the concept, one way to achieve company goals is to understand the needs and desires of target markets or consumers and provide expected satisfaction more efficiently and effectively than competitors.

In increasingly competitive competition, every business must be able to fully satisfy its customers so that they can feel satisfied and the company can realize their desires and expectations (Putra et al., 2023). To achieve this goal, companies must provide the best service and products at appropriate prices. With various competitions in establishing retail businesses, in Pati City, one of them in Margoyoso Sub-District, there is a store named Toko Pantes located in Ngemplak Village. Toko Pantes is one of the fairly large and complete stores in Margoyoso Sub-District. With adequate facilities and the completeness of products in the store, many visitors come to Toko Pantes. However, there are several other stores that could be competitors of Toko Pantes because these competitor stores sell various daily necessities that are almost similar to Toko Pantes.

Researchers found issues regarding the service quality provided by Toko Pantes Ngemplak. There are issues with the Toko Pantes rating, which has the lowest rating of 4.1 on Google Maps, and there is a 1-star rating from 2020 to 2023, which increased in 2023. In addition, there are still many complaints from consumers such as poor service to consumers, being less friendly, and appearing rude. Based on previous research, there is a research gap or disparity in research results.

Literature Review

According to Simamora (2014), purchase intention is personal and related to an individual's attitude toward an object, which has the strength and drive to take a series of actions in an effort to approach or obtain the object. Purchase intention is the continuous drive to carry out planned actions, resulting in the emergence of positive stimuli that trigger desires.

In terms of meeting needs, service quality often becomes a subject of discussion. Kotler (2009) states that service quality is built by comparing two main components: customers' perceptions of the actual service they receive (service perception) with the service they actually expect or desire (expected service). Quality drives customers to build beneficial long-term

relationships. Service quality is essentially measured by the extent of the difference between the actual service and the service expected by customers. Consumers form expectations about a business's service based on past experiences, the influence of word of mouth, and advertising information obtained, according to (Adisaputro, 2010).

Price is an amount of value exchanged by the buyer to acquire or use a product or service (Rahma & Nurdiana, 2023). This value is determined by the buyer and seller through negotiation or by the seller for the same price for all buyers" (Saladin, 2003).

Wibisono (2005) also discusses the concept of image, stating that an image is something abstract and cannot be measured nominally or mathematically. However, the manifestation of an image can only be perceived through research results, either good or bad values, and positive or negative responses. A positive image will result in customer loyalty, trust in the product or service, and the willingness of customers to acquire the product or service whenever they need it. Conversely, a negative image will affect the company's business operations.

According to Santi Deliani Rahmawati (2020), customer satisfaction is the result of customers comparing the perceived level of benefits with their expectations. It is the feeling of pleasure or disappointment resulting from comparing the perceived performance of a product (outcome) with the expected performance. If the performance does not meet expectations, customers will feel disappointed, but if the performance matches expectations, customers will feel satisfied, and if the performance exceeds expectations, customers will be highly satisfied.

Research Method

This research falls into the category of quantitative causal research, which involves testing cause-and-effect hypotheses. This quantitative method forms the basis of the research through a number of standard procedures. The population in this study is unknown. A sample of 125 respondents was obtained based on the calculation of the number of indicators + the number of latent variables x (5-10) (Hair et al., 2017). Sampling was done using the simple random sampling method by distributing questionnaires online and offline. The analysis tool in this study used SEM AMOS version 23. Data analysis techniques included validity testing, reliability testing, and hypothesis testing. The variables in this study are Repurchase Intention (Y) with indicators: Transactional Intention, Referential Intention, Preferential Intention, and Exploratory Intention. Service Quality variable (X1) with indicators: Reliability, Responsiveness, Assurance, Empathy, and Tangibles. Price variable (X2) with indicators: Price affordability, Price-quality ratio, Price competitiveness, and Price-value alignment. Image variable (X3) with indicators: Personality, Reputation, Value, and Legal Identity. Customer Satisfaction variable (Z) with indicators: Expectation congruence, Repurchase intention, and Willingness to recommend.

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Result/Findings

Table 1. Testing Hypothesis Result

			Estimate	S.E.	C.R.	P
KPE	<---	KP	,142	,117	1,208	,227
KPE	<---	HRG	,161	,081	1,981	,048
KPE	<---	CTR	,542	,104	5,223	***
RIT	<---	CTR	,049	,099	,497	,619
RIT	<---	HRG	,189	,095	1,994	,046
RIT	<---	KP	,720	,196	3,671	***
RIT	<---	KPE	1,309	,533	2,455	,014

Source: Processed by researcher 2024

Based on Table 4.14, hypotheses are accepted if they meet the following criteria:

1. Value of β > 0.1: The hypothesis is accepted if the parameter estimate (β) is greater than 0.1. This indicates a significant influence between exogenous and endogenous variables.
2. Value of C.R. > 1.96: The hypothesis is accepted if the Critical Ratio (C.R) value is greater than 1.96. C.R. is used to test the statistical significance of the parameter estimate (β). A value greater than 1.96 indicates a significant influence.
3. Value of P < 0.05: The hypothesis is accepted if the P-Value is less than 0.05. P-Value is used to test the statistical significance of the parameter estimate (β). A value less than 0.05 indicates a significant influence, accepted if the value > 0.1.

Based on these criteria, the following interpretations are made:

1. Hypothesis 1 is rejected, Service Quality towards Customer Satisfaction with P-value 0.227 > 0.05 and C.R. value 0.142 < 1.96.
2. Hypothesis 2 is accepted, Price towards Customer Satisfaction with P-value 0.048 < 0.05 and C.R. value 1.981 > 1.96.
3. Hypothesis 3 is accepted, Image towards Customer Satisfaction with P-value 0.000 < 0.05 and C.R. value 5.223 > 1.96.
4. Hypothesis 4 is accepted, Service Quality towards Repurchase Intention with P-value 0.000 < 0.05 and C.R. value 3.671 > 1.96.
5. Hypothesis 5 is accepted, Price towards Repurchase Intention with P-value 0.046 < 0.05 and C.R. value 1.994 > 1.96.
6. Hypothesis 6 is rejected, Image towards Repurchase Intention with P-value 0.619 > 0.05 and C.R. value 0.497 < 1.96.
7. Hypothesis 7 is accepted, Customer Satisfaction towards Repurchase Intention with P-value 0.014 < 0.05 and C.R. value 2.455 > 1.96.

This study utilizes the Sobel test calculation. The purpose is to examine the strength of the indirect influence from one variable to another variable with the addition of mediation. The

Sobel test is conducted using an online calculator accessed through the link analyticscalculators.com.

Figure 1: Sobel Test Results
Service Quality - Customer Satisfaction - Repurchase Intention
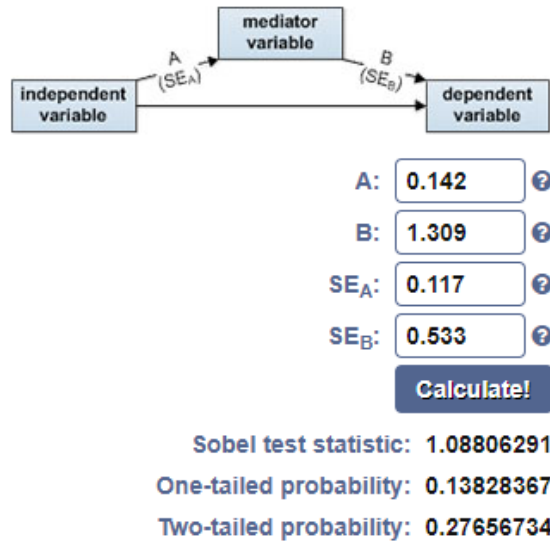
Based on Figure 1, the Sobel test statistic value for this test is 1.088, which is smaller than 1.96, and the Two-Tailed probability value of 0.276 is less than the value of 5%, indicating that there is no significant influence of the independent variable on the dependent variable that is mediated by the intervening variable. Therefore, the Service Quality does not have a significant effect on Repurchase Intention mediated by Customer Satisfaction, and hypothesis 8 is rejected.

Figure 2: Sobel Test Results
Price - Customer Satisfaction - Repurchase Intention
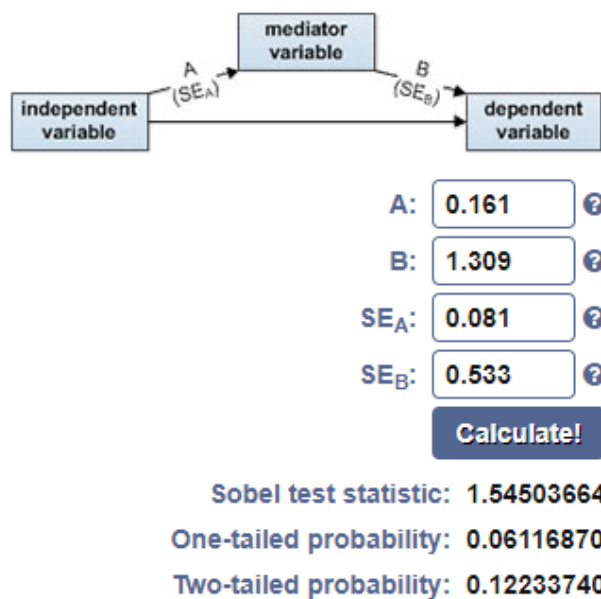
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Based on Figure 4.3, the Sobel test statistic value for this test is 1.545, which is smaller than 1.96, and the Two-Tailed probability value of 0.122 is less than the value of 5%, indicating that there is no significant influence of the independent variable on the dependent variable mediated by the intervening variable. Therefore, Price does not have a significant effect on Repurchase Intention mediated by Customer Satisfaction, and hypothesis 9 is rejected.

Figure 3: Sobel Test Results
Image - Customer Satisfaction - Repurchase Intention
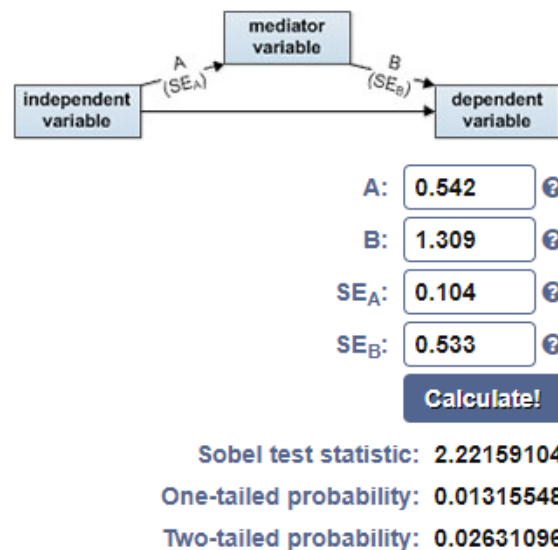
Based on Figure 4.4, the Sobel test statistic value for this test is 2.221, which is greater than 1.96, and the Two-Tailed probability value of 0.0263 is greater than the value of 5%, indicating that there is a significant influence of the independent variable on the dependent variable mediated by the intervening variable. Therefore, Image has a significant effect on Repurchase Intention mediated by Customer Satisfaction, and hypothesis 10 is accepted.

Conclusion

Based on the results of the research above, it can be concluded in this research that Service Quality has no effect on Customer Satisfaction, Price has an effect on Customer Satisfaction, Image has an effect on Customer Satisfaction, Customer Satisfaction has an effect on Repurchase Intention. Service Quality influences Repurchase Intention. Price influences Repurchase Intention. Image has no effect on Repurchase Intention. Service Quality indirectly has no effect on Repurchase Intention which is mediated by Customer Satisfaction. Price indirectly has no effect on Repurchase Intention which is mediated by Customer Satisfaction. Image indirectly influences Repurchase Intention which is mediated by Customer Satisfaction. The limitations of researchers in this research include the need to add more indicators in each variable to strengthen the research results which may influence many things, giving rise to new hypotheses, apart from that the number of respondents needs to be added to be able to describe

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