

Service Quality Perception's Effect on Customer Satisfaction and Repurchase Intention

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Abstract: This study aimed to examine and explain the effect of quality perception on customer satisfaction, both directly and through the mediation of value perception that consists of three variables, namely functional value, emotional value and social value. This study also aims to test and describe the direct effect of customer satisfaction on repurchase and its indirect effect through the brand choice. This study used a quantitative approach with population are consumers in all branches of Anwar Group minimarket in Bengkulu. The sampling technique used is a convenience sampling with a sample size of 200 respondents were taken from all branches of Anwar Group minimarket. The analytical tool used in this study was Structural Equation Model with Amos 22 software. The results showed that the perception of service quality significantly affected consumer satisfaction. This study also showed that all consumer value which consists of functional value, emotional value, and social value mediate the effect of service quality perception on customer satisfaction. Finally, consumer satisfaction affected repurchase, while the brand choice acted as a partial mediating on the affected of customer satisfaction on repurchase intention.

Keywords: Service Quality Perception, Customer Satisfaction, Repurchase Intention

1. Introduction

Changes in consumption patterns of Indonesian communities where formerly shop at traditional markets gradually abandoned by society. The increase in public income is an important factor that makes consumers to switch from traditional markets to modern retail stores such as minimarkets, supermarkets and hypermarkets.

Modern store is a store with self-service system, selling various kinds of goods at retail form of minimarket, supermarkets, department stores, hypermarkets or wholesalers (Indonesian Presidential Regulation No. 112/2007). Minimarket is a department store that has only one or two machine registers which generally has a spacious room of 50 m² to 200 m² and its location is easily accessible by consumers. Indomaret company (2016) released the number of minimarkets increased more than doubled from 6,006 outlets in 2011 to 12,826 outlets in 2016.

Of the various minimarket types in Indonesia, Alfamart and Indomaret are the biggest minimarket which are able to obtain more than 80% of annual sales turnover. Alfamart and

Indomaret are stores that collected under one name to operate similar business system. The existence of Alfamart and Indomaret made traditional retailers cannot compete. The data show that in December 2016, Indomaret has operationalized 12,826 retailers throughout Indonesia, with significant growth from year to year.

Minimarket development also extends out of the Java island, Bengkulu province, Sumatera island. Until 2014, the government still prohibits Bengkulu province to open new modern minimarket to operate in Bengkulu, with the aim to keep alive the traditional stores and just let the local minimarket growing across the Bengkulu province. Since 2016, Bengkulu province has allowed the opening of modern minimarkets to compete with local minimarket that had previously been established and operated several years.

In this province, there is a traditional store that evolved into modern minimarket, namely Anwar Group. Currently, Anwar Group has 22 branches, where each branch has a different name. Anwar Group management have recently developed into the city of Bengkulu, Kepayang district, North Bengkulu and Muko-Moko because these regions have greater a per capita income than other areas in Bengkulu.

Fluctuations in the number of consumers faced by Anwar Group became the center of management attention in recent years. The decrease tendency number of Anwar Group consumers over the years motivate the management to analyze the causes of the decline. From marketing context, the downward trend may be due to the perception of the consumer who views the quality of the products and /or services provided by Anwar Group is low. The low quality of service on customers perception can certainly be an effect on their satisfaction, which in turn could adversely affect customer loyalty. In the long term, the decline of customer loyalty may affect sales volume decrease and eventually the company will lose money and go bankrupt.

Based on the above phenomenon, this article intends to look both direct effect of the quality perception on customer satisfaction, and indirect effect through the mediation of functional value, emotional value and social value. In addition, this article also analyzes both direct effect of customer satisfaction on repurchase (part of the consumer loyalty), and indirect effect through the mediating of the brand choice.

2. Literature Review

2.1. Perception of Quality

Kotler (2009) [16] argued that the company should create customers satisfaction to encourage them to repurchase and will not switch on the other products or services. Product and service quality, customer satisfaction, and profitability are inextricably linked, where the higher the quality, the higher the customer satisfaction and will lead to higher sales which can be accompanied by greater profitability.

The concept of perceived service quality has become the center of many researchers' attention. The realization of the quality of service perception is a long-term process, but to achieve it, is not an easy for the company. A success is determined by a quality service, which serve as a guideline for organizations to solve and satisfy every customer's needs and expectations. Most researchers believe that having quality service is a major achievement, and therefore it's position is very important to achieve customer satisfaction [15].

According to Sweeney and Soutar (2001) [30], there are three values that are included in the customer value, where each value has a role in creating customer satisfaction. Those values are functional value, emotional value and social value. Functional value is the value perceived by customers based on the function or benefit of goods purchased. Functional value contributes greatly to customer satisfaction, where the higher the consumers' assessment of the product benefits, the higher the level of customer satisfaction (Sweeney and Soutar, 2001) [30]. Furthermore, emotional value comes from a positive feeling arising from consuming product. If a customer experiences positive feeling at the time of purchase or use a product, then the product provides the emotional value [32]. Under these conditions, customers are satisfied

with a product. While the social value is the value derived from the product's ability to improve the customer social status. The social values are values shared by a customer associated with what is considered good and what is considered bad by the customer [31].

One of the value creation purpose is to create customer satisfaction. According to Kotler (2009: 138) [16], customer satisfaction is a happy or disappointed feeling arises due to comparing between perceived real product benefit and customer expectation prior to the product usage. The primary key in the creation of customer satisfaction cannot be separated from customer expectations and the impression perceived by customer, so that the producers who understand of the customer satisfaction will seek to create offers that are able to provide expectations and positive image of a product, by combining customer value as a major factor in business transaction. The higher the value perceived by the customer, the higher the customer satisfaction will be [1].

2.2. Customer Satisfaction

Customer satisfaction is the basic concept in understanding the company's relationship with its customers. Customer satisfaction is highly correlate with internal factors for each individual in organization. For organizations, customer satisfaction is the embodiment of positive moral [15]. Fulfilling customer satisfaction indirectly represents the short-term sacrifices to achieve long-term gains.

The ability to understand customers behavior and provide value in accordance with their expectations will create satisfaction to the customer and in turn will have an impact on customer loyalty. Loyalty emerge due to a sense of trust from customers after using a product [25]. Customer satisfaction occurs when customer expectations suit with or exceeded what is experienced and felt by customer [34]. According to Tjiptono (2008:170) [32], customers satisfaction is a level where their desires and expectations can be achieved, so that they feel what is obtained is equal to what is expected.

2.3. Customer Loyalty

Loyal customers tend to repurchase more often and spend more money from time to time [4]. Loyal customers demonstrate their loyalty through repurchase behavior and attitude to recommend a product provider for other consumers. Customer loyalty and positive word-of-mouth (WOM) are two goals to be achieved by managers [18]. Hellier, et al., (2003) [13] add that the repurchase intention is affected by several important factors, namely: perceived quality, service quality, customer value, customer satisfaction, and the expected switching.

In general, the company expects to gain consistent profits with customers who have not only do once a purchase, but consistently repurchase. Repurchase made by customers is the goal of any business to create a sustainable financial benefits. Thus the measurement of customer satisfaction and repurchase intention becomes critical for managers and

researchers [5]. Repurchase intention will appear if customers are satisfied. As described by Fornell (1992) [8], a satisfied customer will be interested to repurchase in the next time. Fornell (1992) [8] also stated that satisfaction and repurchase have been used to understand and predict how customers will behave in the future.

Hellier, et al., (2003) [13] suggested that repurchase intention is an individual assessment on repurchase of a product or service from the same company by taking into account the current situation and circumstance. In the repurchase process, customers continue to buy from the same company and with positive word of mouth, new customers will be attracted to a company promoted by loyal customers. In this process, behavioral intention is the customers' assessment performed after using the product or obtaining services [20]. Repurchase intentions, along with loyalty, willingness to pay a premium price, word-of-mouth, and complaining are the five factors of behavioral intention described by Zeithaml, et al., (2002) [37]. According Zboja et al., (2006) [36], loyalty and repurchase intention have the same taxonomic aspects.

There are many studies linking customer satisfaction and intention to repurchase such as customer retention [20], customer amount decreasing [3], complaints level reducing [8], and word-of-mouth [3].

3. Conceptual Framework and Research Hypotheses

The study of consumer behavior is a discipline that has grown more than six decades (1950s). Mowen and Minor

(2002) [21] argued that the main reason of companies exist is to satisfy their customers. In other words can be stated that a company should start its activity from customers' needs instead of patents, raw materials or selling skills. The conceptual framework of this study was developed based on the research gap that comes from the empirical and theoretical studies. The main purpose of the conceptual framework development was to describe the model of causal relationships among variables consist of perceived quality, functional value, emotional value, social value, brand image, customer satisfaction and repurchase.

The conceptual framework of the research used as a basis in preparing the research hypothesis. The conceptual framework is presented in the Figure 1. Referring to the conceptual framework in the Figure 1, the following is described causal relationships observed variables, then used to formulate hypotheses as a basis for the model development.

3.1. Effect of Customer Satisfaction on Quality Perception

Perception of quality is the overall consumer ratings on product attributes [13], and [29]. This variable is expected to explain the formation process of repurchase intention. A study conducted by Wisnalmawati (2005) [35] indicated that service quality perceptions of physical appearance, reliability, responsiveness, assurance and empathy effect on the repurchase intention. So it indicated that the better perception of the customer on certain product or service, the higher the tendency of the customer to buy again. Based on theoretical and empirical foundation, then the hypothesis 1 (H1) can be expressed as follows:

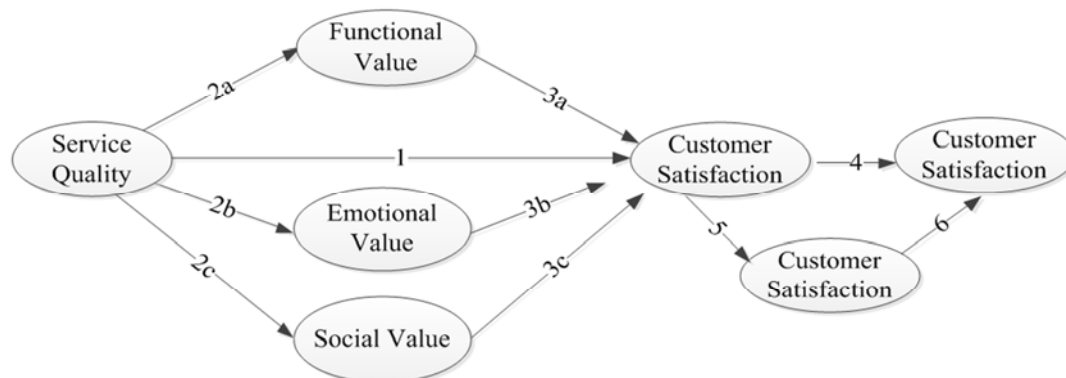


Figure 1. Research Conceptual Framework.

H1: the higher customer perception on product quality, the higher customer satisfaction

3.2. Quality Perception's Effect on Functional, Emotional, and Social Values

Sweeney and Soutar (2001) [30] classified the perceived value into three dimensions, namely emotional value, social value and functional value. Emotional value comes from the feelings and emotions that product or service may improve social self-concept. Furthermore, Choi and Kim (2013) [6]

stated that customer look at social value, functional value and emotional value through quality of products and services. Afriliawan (2013) [2] found that VIP patients in the Anutapura hospital, Palu (Indonesia), which has a good perception on the hospital service quality and has a positive effect and significant on functional value, emotional value and social value. The above findings are consistent with Af Hami and Suharyono (2016) [1] findings who conducted research in Honda service center (AHASS) in Malang (Indonesia). Based on the theoretical and empirical foundation, hypothesis 2 (H2) can be expressed as follows:

H2: The higher the perceived quality, the higher the functional value, emotional value and social value.

3.3. Effect of Functional, Emotional, and Social Values on Customer Satisfaction

Functional value is a value that pertains to the customer value gained from the use of products obtained through the price value, comfort, technology or access [33]. According Nikzad and Mahdi (2011) [22], the motivation of consumers in purchasing is expressed through the evaluation of the two benefits, namely the functional benefits of the product or service is purchased as the basis for objective assessment, and the benefits of hedonic emotion / feeling acquired during the purchase process (before-while-and after). Similarly, Zeithaml et al. (2002) [37] outlined two-dimensional expectations of customers who are used as evaluation criteria in the purchase process, the desired service and the adequate service. Desired service relates to the comparison between customer confidence on the service received and the service that is actually accepted. While Adequate service relates to the company's ability to meet the service's demand from customers.

According to Fornell et al., (1996) [9], functional value affects customer satisfaction, because customer functional value has an important role in increasing customer satisfaction. Similarly, Afriliawan (2013) [3] also found that functional value, emotional value and social value positively and significantly affect VIP patients' satisfaction in Anutapura Hospital, Palu (Indonesia). Af Hami and Suharyono (2016) [1] found the same thing that the customer value consists of functional value, emotional value, and social value has positive and significant impact on customer's satisfaction. Af Hami and Suharyono (2016) [1] conducted research in Honda motorcycle service center (AHASS). This indicates that the higher the benefits obtained by customers, the higher the customer satisfaction level. Conversely, the lower the benefits obtained by consumers, the lower the customer satisfaction level. Referring to these research results, hypothesis 3 (H3) can be formulated as follows:

H3: the higher the functional value, emotional value and social value, the higher customer satisfaction.

3.4. Effect of Customer's Satisfaction on Repurchase Intention

Law et al., (2004) [17] found that the repurchasing decisions of customers affected by their experience in the previous product purchasing. Where a comparison between the actual performance and the expected performance of products is a factor that may affect the purchase decision. If the customer perceives the product's actual performance equal to or better than expected, then the customer will be satisfied. Meanwhile, when the actual performance of products is below expectations, customers will feel dissatisfied. This opinion is supported by Choi and Kim (2013) [6] who found that customer satisfaction has significant positive effect on repurchase intention. This

indicates that the satisfaction / dissatisfaction effect on the repurchase intention. Thus, the hypothesis 4 (H4) can be formulated as follows:

H4: The higher customer satisfaction, the higher repurchase intention

3.5. Effect of Customer Satisfaction on Brand Image

Materson (2007) [19] found that the most important factor for customer satisfaction is the brand image of the store. Retailers must be able to perform well in retail sales. Consumers will be satisfied if the store is clean, neat, fun, and the store's understanding of their needs. Furthermore, Silva and Alwi (2006) [28] found that previous research consistently shows that the brand image of the company in a static and dynamic environment has a tendency associated with loyalty through customer satisfaction. Thus, Hypothesis 5 (H5) can be formulated as follows:

H5: the higher the customer satisfaction, the higher the brand image

3.6. Effect of Brand Image on Repurchase Intention

Ogba and Tan (2009) [23] found that the brand image positively effect consumers loyalty and commitment in China. Similarly, Hoq, Sultana, and Amin (2010) [14] stated that the brand image was found positive and significant impact on customer loyalty through the mediation of customer confidence in the Islamic banking sectors. This indicates that the satisfaction/ dissatisfaction effects the purchase intention. Thus, Hypothesis 6 (H6) can be formulated as follows:

H6: the higher the brand image, the higher repurchase intention

4. Methods

This research explains the causality of a phenomenon and is cross-sectional, because models constructed are not designed to capture the change of time. The data collection technique used was a questionnaire survey with purposive sampling method, using criteria that the respondents had bought products in Anwar Group minimarket at least three times. The respondents should also had ages to make purchases independently with the age of minimum 15 years old. The number of samples eligible for being analyzed is 200 people. Measurement technique using a Likert scale of 1-5 point, where value of 1 indicates strongly disagree, and a score of 5 indicates strongly agree. The collection of data in 22 Anwar Group minimarket has been held on December 1, 2014 to January 31, 2015.

5. Result and Discussion

After testing the samples sufficiency assumption, normality test, outlier test, convergent validity test, reliability construct and fit model assessment, then testing on the relationship among variables can be continued as all assumptions, test results, and the analysis has been qualified.

A total sample of 200 people is the amount that has been qualified in answering the questionnaire distributed. The amount is also considered to meet the Maximum Likelihood Estimation procedure [11]. Based on the normality test results obtained in univariate results, there are some items that indicate not normally distributed because it has C.R value < 2.58 , but no one has C.R value of skewness and C.R. kurtosis $> \pm 2.58$. Testing in multivariate normality for 8682 > 2.58 indicates that the data in this study were not normally distributed as multivariate. While the kurtosis for all constructs have a value above 7, means that in univariate distribution, the data is considered not distributed normally. Therefore, outlier testing is needed.

Based on the test results, there was no outlier problem in all observations (no probability value below 0.05 for p1 and above 0.05 for p2). Based on the validity test, all indicators considered valid because its have been extracted completely and have loading factors ≥ 0.30 . Furthermore, the reliability test shows that the indicators of seven latent variables are reliable, because its values > 0.6 [7]. Finally, an assessment result of the model shows that the value of chi-square is fit

because its the probability value is 0,012 which is lower than 0, 05.

The entire measurement of goodness fit model declared fit for the Root Mean Square of Approximation (RMSEA) in this study was 0.056 with an index value from 0.05 to 0.08 which is less than or equal to 0.80, hence the index is acceptable [7]. The value of Adjusted Goodness of Fit Index in this study is 0.920, so it reached adiquate fit (good enough) for AGFI value range between 0.90 to 0.95. Similarly, CMIN / DF was catogorized good enough because it's value is 2.64 or in the range of values between 2.0 - 3.0 [12].

5.1. Hypothesis Testing (Direct Effect)

Causality analysis was conducted to determine the relationship among variables. By testing the causality it can be known the effect between the exogenous and endogenous variables. More results from each relationship is shown in Table 1.

Table 1. Structural Model of the SEM.

No	Relationship Among Variables	Coefficient	P-Value	Remark
1.	Repurchase Intention \leftarrow Customer Satisfaction	0.158	0.021	Significant
2.	Repurchase Intention \leftarrow Brand Image	0.639	0.024	Significant
3.	Customer Satisfaction \leftarrow Service Quality	0.888	0.025	Significant
4.	Customer Satisfaction \leftarrow Functional Value	0.778	0.022	Significant
5.	Customer Satisfaction \leftarrow Emotional Value	0.536	0.026	Significant
6.	Customer Satisfaction \leftarrow Social Value	0.645	0.024	Significant
7.	Brand Image \leftarrow Customer Satisfaction	0.540	0.024	Significant
8.	Functional Value \leftarrow Service Quality	0.875	0.025	Significant
9.	Emotional Value \leftarrow Service Quality	0.533	0.030	Significant
10.	Social Value \leftarrow Service Quality	0.667	0.024	Significant

Table 1 described the path diagram to see the relationship among variables as shown in Figure 2.

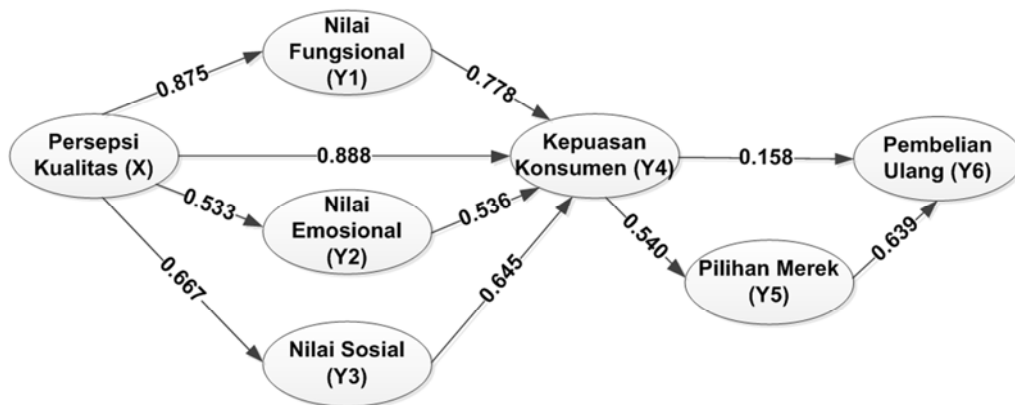


Figure 2. Results of Structural Model Testing.

Figure 2 shows the results of structural model testing, where there is a significant and positive impact of customer satisfaction on repurchase. This means that the higher the value of consumer satisfaction, the higher the value of repurchase. In addition, there is a significant and positive effect of brand image on repurchase. This implies that the higher the value brand image, the higher the value of

repurchases. Also, there is a significant and positive impact of the quality of service on customer satisfaction. This means that the higher the quality of the service, the higher the value of customer satisfaction.

Similarly, there is a significant and positive effect of the functional value, emosiona value and social value to the consumer satisfaction. This means that the higher the value

the functional, emotional, social and the higher the value of consumer satisfaction. Similarly, there is a significant and positive impact on consumer satisfaction on brand choice. This means that the higher the value of consumer satisfaction, the higher the value of their brand choice. Then, there is a significant and positive impact of the service quality on functional value, emotional value and social value. This means that the higher the quality of the service, the higher the functional value, emotional value and social value.

Based on the results of causality test using AMOS 2.2 program to test the structural model, the results obtained as follows:

H1: The higher the quality of service, the higher customer satisfaction

Testing results on the effect of service quality on customer satisfaction is proved by the value of path coefficient estimates at 0.888 with positive direction. Positive coefficient means that the higher the quality of the service, the higher the customer satisfaction, and vice versa. Positive and significant effect is proved by the value of the critical point (CR) at 2.00 and the probability p-value at $0.025 < 0.05$, thus, the hypothesis 1 is accepted.

The findings of this study is consistent with George and Kostantinos' (2006) [10] research which indicates that service quality factors such as physical appearance, reliability, responsiveness, assurance and empathy significantly effect customer satisfaction. Thus, the better perception of quality that consumers have, the higher tendency of the customer to repurchase. Conversely, the worse the quality of the service perceived by customers, the lower their intention to repurchase. These findings are consistent with research conducted by Santouridis and Trivellas (2010) [26], who measured the quality perception of the service performance, the speed of delivery service, responsiveness of employees, consumer confidence in the company and the understanding level of the company on customer needs to satisfy customer. This means that the better quality perceived by customers, the higher the customer satisfaction. Conversely, the worse the quality perceived by customers, the lower their intention to repurchase.

H2: The higher the quality of the service, the higher the functional value, emotional value and social value

Testing results on the effect of service quality on functional value, emotional value and social value is proved by the value of path coefficient estimates at 0.875. Testing results on the effect of service quality on emotional value is also proved by the value of path coefficient estimates at 0.533. Testing results on the effect of service quality on the social value is also proved by the value of path coefficient estimates at 0.667. Path coefficient is positive implies that the higher the service quality, the higher the functional value, emotional value, and social value, and vice versa with the critical point (CR) 2,061, 1,725 and 2,114 respectively and the p-value at 0.025, 12:30, 0.024 respectively which means smaller than 0.05. Therefore, the second hypothesis (H2) is accepted.

The findings of this study consistent with the research results by Choi and Kim (2013) [6] which states that the service quality affect functional value, emotional value and social value of the consumers. The service quality affects functional value of the customers because they perceive the product benefits consumed. Similarly, the effect of service quality on functional value is positive and significant because customers have positive emotions after consuming products purchased. Furthermore, the effect of service quality on social value is positive and significant, because through good quality services, customers perceive social values, such as the increase of their social status due to the ownership of the product that has been purchased.

This result explains that the better the perceived quality of service by the customers, the higher functional value, emotional value, and social value. Conversely, the lower the perceived quality of service by the customers, the lower functional value, emotional value and social value perceived by the customers.

H3: The higher the functional value, emotional value and social value, the higher customer satisfaction

Testing result on the effect of functional value, emotional value and social value on customer satisfaction have value of path coefficient estimates at 0.778, 0.536, and 0.645 respectively. The positive of path coefficient implies that the effect of functional value, emotional value and social value on customer satisfaction is unidirectional. In addition, the value of the critical point (CR) amounted to 2,320, 1,990 and 2,128 respectively, with p-value by 0.022, 12:26, 0.024 respectively, which are lower than 0.05. Therefore, the third hypothesis is accepted.

The findings of this study is consistent with research conducted by [33], [6], and [22]. The researchers have revealed that consumers view on social value, functional value and emotional value had a positive effect on customer satisfaction and repurchase intention where in the future might be through the quality products or services as mediating variable.

This states that if the functional value, emotional value and social value perceived by customers are high, then the customers will be satisfied. Customers perceive satisfaction because they feel functional value which means that the product purchased by them is able to provide a satisfactory benefits. Furthermore, the customers perceive satisfaction because they feel emotional value implies that the product purchased by them is able to give positive emotions to them, such as prestige was raised due to the products purchased. As for the perceived customer satisfaction due to the social value, means that by having a product, consumers feel elevated their social status amongst the public. Therefore it can be concluded that the higher benefits gained by customers from the products purchased, the higher the level of customer satisfaction. Conversely, the lower benefits gained by customers from the products purchased, the lower the level of customers satisfaction.

H4: The higher customer satisfaction, higher repeat purchase

Testing result on the effect of customer satisfaction on

repurchase intention has value of path coefficient estimates at 0.158. The positive of path coefficient implies that the effect of customer satisfaction on repurchase intention is unidirectional. With the value of the critical point (CR) of 2.425 and a p-value of $0.021 < 0.05$, it can be concluded that the fourth hypothesis is accepted.

The result of this study supports previous research conducted by Law et al. (2004) [17]. Who found that repurchase decisions made by customers affected by their experience in the previous purchase process. The comparison between the actual performance and the expected performance of products is a factor that may affect the purchase decision. If the customer perceives the product's actual performance equal to or better than expected, then the customer will be satisfied. Meanwhile, when the actual performance of products is below expectations, customers will feel dissatisfied.

This finding is consistent with research results found by [33], [6], [22], [10], [24] and [27]. Therefore, the finding confirms that, the higher the customer satisfaction, the higher the customer repurchase intention. Conversely, the lower the customer satisfaction, the lower the customer repurchase intentions.

H5: The higher the customer satisfaction, the higher the brand choice

Testing result on the effect of customer satisfaction on brand image has value of path coefficient estimates at 0.540. The positive of path coefficient implies that the effect of customer satisfaction on brand image is parallel. With the value of the critical point (CR) of 2.122 and p-value of $0.024 < 0.05$, can be concluded that the fifth hypothesis is accepted.

The results of this study support the previous study conducted by [33], [22], [10], which states that satisfaction manifest is described as customer satisfaction with the actual benefits received by customers from manufacturers compared with the expectations or offers received from other suppliers. The higher the level of customer satisfaction, the higher the brand image received by customers compared to the offers from other minimarkets.

The findings concluded that the higher customer satisfaction, the higher the brand image of customers. Conversely, the lower the customer satisfaction, the lower the brand image of the customers.

H6: The higher the brand image, the higher repurchase intention

Testing result on the effect of brand image on repurchase has value of path coefficient estimates at 0.639. The positive of path coefficient implies that the effect of customer satisfaction on brand image is unidirectional. With the value of the critical point (CR) of 2,136 and a p-value of $0.024 < 0.05$, can be concluded that the sixth hypothesis is accepted.

This study is consistent with the research results found by [22], [33], and [9], but not consistent with the research finding by [12], which indicates there is a causal relationship between the customer's preferred brand and customer's desires to repurchase products from the same supplier. This preference is described as a form of the difference between the customer's benefits expectations and the actual benefits of a branded product, which may affect the purchase intention on the brand image. Thus, can be concluded that the higher brand image, the higher repurchase intention of the customers. Conversely, the lower the brand image, the lower the repurchase intention.

5.2. Hypothesis Testing (Indirect Effect)

5.2.1. The Effect of the Service Quality on Customer Satisfaction is Mediated by Functional Value, Emotional Value and Social Value

Hypothesis testing of the indirect effect in this research using the Sobel test with two stages of analysis. The first phase is testing the service quality (X) on customer satisfaction (Y4) without involving the mediation variable (functional value, emotional value and social value). The second phase, testing the service quality (X) on customer satisfaction (Y4) with mediating variables of functional value, emotional value and social value. The test results using the Sobel test are shown in the Table 2.

Table 2. Analysis Result Using Mediation Variables.

Relationship Among Variables	Coefficient	P-Value	Remarks
Service Quality → Customer Satisfaction	0.888	0.025	Significant
Service Quality → Functional Value → Customer Satisfaction	0.680	0.047	Significant
Service Quality → Emotional Value → Customer Satisfaction	0.285	0.052	Significant
Service Quality → Social Value → Customer Satisfaction	0.430	0.048	Significant

Table 2 shows that the testing of service quality (X) on customer satisfaction (Y4) has a value of 0.888, with a p-value of 0.025. Because p-value less than 0.05 (5%), then there is a significant effect of service quality (X) on customer satisfaction (Y4). This states that the higher the service quality the higher the customer satisfaction.

Hypothesis testing of the effect of quality of service (X) on consumer satisfaction (Y4) mediated by functional value (Y1), emotional value (Y2) and social value (Y3) has coefficient values of the indirect effect at 0.680 (0.875×0.778), 0.285 (0.533×0.536), and 0.430 (0.667×0.645)

respectively, with p-value of 0.047, 0.052 and 0.048 respectively. Because p-value less than 0.10 (10%), showed a significant effect of perceived service quality (X) on consumer satisfaction (Y4) mediated by functional value (Y1), emotional value (Y2) and value social (Y3). This indicates that the service quality (X) significantly affects customer satisfaction (Y4) through the mediation of the functional value (Y1), emotional value (Y2) and social value (Y3). The results of the hypothesis testing of the indirect effect are shown in the Figure 3:

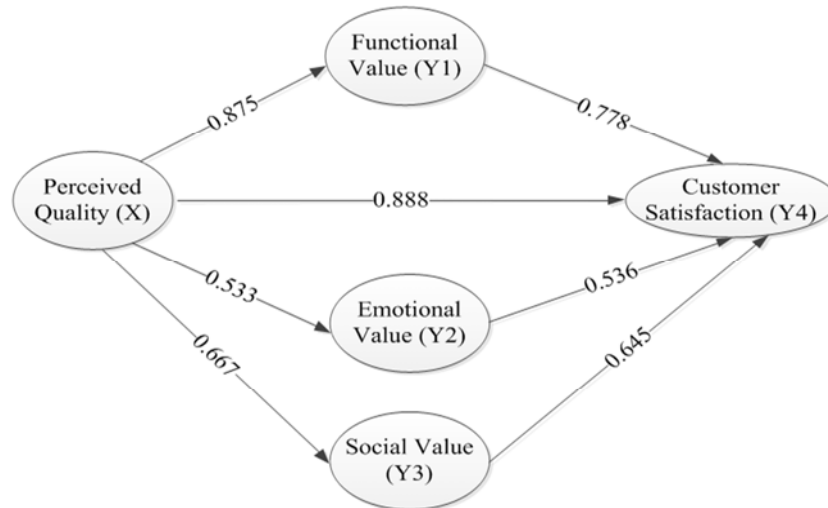


Figure 3. Direct and Indirect Effect of Service Quality on Customer Satisfaction.

Testing the mediation effect of functional value (Y1), emotional value (Y2), and social value (Y3) in the effect of service quality (X) on consumer satisfaction (Y4) using Sobel test was found p-value less than 0.05, so it can be stated that the effect of the service quality (X) on customer satisfaction (Y4) is significant and has a direct connection by 0.888 as shown the direct effect in Figure 3. While the indirect effect of service quality (X) on customer satisfaction (Y4) mediated by functional value (Y1) obtained a value of 0.680. Thus, it can be concluded that the direct effect of service quality (X) on consumer satisfaction (Y4) is higher value than the indirect effect that uses functional value (Y1) as mediation variable.

Furthermore, the indirect effect of service quality (X) on consumer satisfaction (Y4) mediated by emotional value (Y2) has score 0.285. Thus, it can be concluded that the direct effect of service quality (X) on consumer satisfaction (Y4) is higher than the indirect effect that uses emotional value (Y2) as mediation variable. Lastly, the indirect effect of

service quality (X) on consumer satisfaction (Y4) mediated by social value (Y3) obtained a value of 0.430. Thus, it can be concluded that the direct effect of service quality (X) on consumer satisfaction (Y4) has a higher value than the indirect effect through the mediation of social value (Y3).

Of the three mediation values, functional value has the highest indirect effect, followed by social values, while emotional value has the lowest indirect effect.

5.2.2. The Effect of Customer Satisfaction on Repurchase Intention, Mediated by Brand Image

In the mediation approach using Sobel test, used a two-stage analysis. First, test the customer satisfaction (Y4) on repurchase intention (Y6) without mediation variable of the brand image (Y5). Second, test customer satisfaction (Y4) on repurchase intention (Y6) with mediating variables of brand image (Y5). The test results using the Sobel test are shown in the Table 3.

Table 3. Analysis Result of the the Effect Customer Satisfaction on Repurchase Intention, Brand Image as Mediation Variable.

Relationship Among Variables	Coefficient	P-Value	Remarks
Customer Satisfaction → Repurchase Intention	0.158	0.0021	Significant
Customer Satisfaction → Brand Image → Repurchase Intention	0.345	0.0045	Significant

The effect of customer satisfaction (Y4) on repurchase intention (Y6) with mediation variable of the brand image (Y5) obtained is shown in Table 3 with the explanation that the effect of customer satisfaction (Y4) on repurchase intention (Y6) has a path coefficient values at 0158, with p-value of 0.021. Because the p-value is less than 0.05 (5%), then can be stated that the effect of customer satisfaction (Y4) on repurchase intention (Y6) is significant. That is, the higher the customer satisfaction, the higher the repurchase intention.

The test results on the effect of customer satisfaction (Y4) on repurchase intention (Y6) mediated by brand image (Y5)

shows the path coefficient value at 0.345 with a p-value of 0.045. Because the p-value is smaller than 0.10 (10%), which implies that the effect of customer satisfaction (Y4) on repurchase intention (Y6) mediated by brand image (Y5) is significant. This implies that with the mediation of brand image (Y5) on the effect of customer satisfaction (Y4) on repurchase intention (Y6) is getting stronger. The results of the direct test on effect of customer satisfaction on repurchase intention and indirect test on the effect of customer satisfaction on repurchase intention, mediated by brand image, can be seen in the Figure 4 and Figure 5. Respectively.



Figure 4. Direct Effect of Customer Satisfaction on Repurchase Intention.

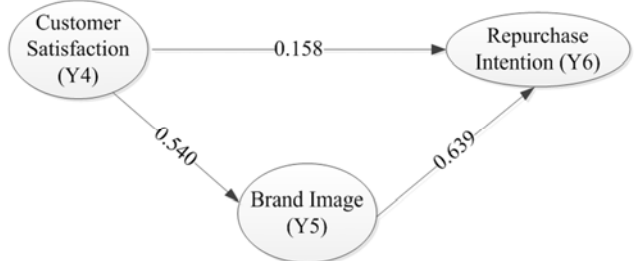


Figure 5. Indirect Effect of Customer Satisfaction on Repurchase Intention, Brand Image as Mediation Variable.

Because the test results of brand image as mediating effect (Y5) on the effect of customer satisfaction (Y4) on repurchase intention (Y6) has a p-value less than 0.05 with the immediate effect of 0.158, then this effect is significant. While the indirect effect of customer satisfaction (Y4) on repurchase intention (Y6) mediated by brand image (Y5) has higher value which is equal to 0.345. Thus, it can be concluded that the effect of customer satisfaction (Y4) on repurchase intention (Y6) much stronger when mediated by brand image (Y5).

6. Conclusions and Recommendations

All hypotheses that consist of six hypotheses are accepted. This states that in order to improve customer satisfaction, it is crucial for the Anwar Group minimarket to highly pay attention to the services quality. In addition, the minimarket manager of Anwar Group should also consider the benefits and the prestige value of the products offered so that customer satisfaction can be increased.

For many manufacturers, including Anwar Group minimarket, customer satisfaction is not the ultimate goal, rather a goal to create customer loyalty, especially those of consumers who have a high repurchase intentions to the products offered by Anwar Group. Therefore, besides pay attention to the customer satisfaction, Anwar Group should also improve its brand image of the customer, so that the loyal feeling of the customers toward products offered by Anwar Group is still able to be maintained and even improved in the future.

Based on the above findings it is recommended to the management of Anwar Group minimarket to improve service quality sustainably, equip products in each Anwar Group outlet, apply affordable product prices, and pay attention to customers' convenience when they shop in Anwar Group minimarket. Associated with the brand, Anwar Group minimarket needs to uniform colors, logos and names, so that customers feel confident about the price set by the company, in order to increase repurchase at any branch of Anwar Group minimarket. For further research, it is expected researchers

can complement the limitations of this study, for example, conduct future research using longitudinal approach and/or using comparative methods.

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