

INVESTIGATING SATISFACTION AS MEDIATING VARIABLE ON THE EFFECT OF PRODUCT QUALITY AND PERCEIVED PRICE TO REPURCHASE INTENTION – THE CASE OF WARDAH COSMETICS IN INDONESIA

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ABSTRACT

A lot of studies indicated that the effect of satisfaction to repurchase intention was still ambiguous. So the first aim of the study was to examine the effect of satisfaction to repurchase intention. The second purpose was to investigate the position of satisfaction whether it was a mediating variable. The study employs product quality and price perception to control satisfaction. Accordingly, the second purpose of the study was, first to investigate satisfaction on the relation of product quality-satisfaction-repurchase intention, and second, to investigate satisfaction on the relation of perceived price-satisfaction-repurchase intention. Data were collected from 113 respondents who buy and use Wardah Cosmetics, and distributed through google form. Amos 22.0 and SPSS 21.0 were operated to analyze the data. The results showed that satisfaction apparently had effect on repurchase intention and satisfaction positioned as mediating variable on the relation of perceived price-satisfaction-repurchase intention. Conversely, on the relation of product quality-satisfaction-repurchase intention, it did not.

KEYWORDS: *Product Quality, Price Perception, Satisfaction, Repurchase Intention*

INTRODUCTION

Ajzen (1991) proclaims that a particular behavior is commonly predicted by intention. The intention accordingly posts a strategic position, since if it does not arise, behavior could not happen. Marketing discipline, particularly Customer Behavior, borrows the theory and has been applied in purchasing practice. So, if a particular customer doesn't have intention to purchase, purchase behavior never occurs. When the case is repeated, the customer then wants to repurchase the same product. A repurchase behavior, likewise, also determined by an intention to repurchase.

Intention to behave, in accordance with theory of planned behavior (TPB) (Ajzen, 1991), is controlled by attitude, subjective norm and perceived behavioral control. Attitude can be described as behavioral belief and its evaluation. Subjective norm could be explained as a push from inside and outside. Perceived behavioral control could be determined as perceived facilities and control belief. TPB likely emphasizes to individual's psychological aspects. Researches also find that actually intention is affected by other factors such as brand image, country of origin of products, product attributes, subjective norm, perceived behavioral control, attitude and atmosphere of the shop (Imelia & Ruswanti, 2017); product quality, and brand advertising (Mirabi, Akbariyeh & Tahmasebifard, 2015); promotion, business competency, easiness and comfortable, group reference and trust (Wirawan *et al.* 2021); perceived ease of use, perceived usefulness, trust, and self-efficacy (Shankar & Datta, 2018). Probably some other researchers might find some other different factors as well.

How about repurchase intention, is it controlled by attitude, subjective norm and perceived behavior control and other many factors too? Actually, TPB itself doesn't refer to repeated behaviors. It likely denotes to just particular behavior. So, the three predictors of intention seemingly do not have strong effect on repurchase intention.

Parasuraman, Zeithaml, & Berry (1985, 1988) suggest that firms should offer competitively the best service quality to customers to make them repurchase. The concept of competitively the best service quality likely refers to satisfaction. It is understandable that consumers rebuy the same products or to the same firm because of satisfaction. The relation of satisfaction and repurchase likely denotes to popular concept which researchers frequently use (Ihzan, Balaraba & Jakada, 2016). In addition, repurchase and satisfaction generate a powerful effect on firms' performance by offering a competitive advantage (Edvardsson, *et al.* 2000; Lamet *et al.* 2004; Reichheld, Markey and Hopton 2000; Zineldin 2006), and numerous loyal consumers (Mellens, Dekimpe & Steenkamp 1996; Zineldin 2006),

A lot of researchers do not have a good result when exploiting a direct link between satisfaction and repurchase (Mittal & Kamakura 2001). Some find that the relation is weak (Hombury & Annette 2001; Kumar 2002; Quick & Burton 2000; Seiders *et al.* 2005; Shih & Fang 2005). Even Powers & Valentine (2008) find that although customers might have satisfaction, they purchase other products on other firms.

Relating to TPB that behavior should be predicted by intention, the study applies the intention as a predictor of repurchase. The concept is in line with some researchers' suggestion, such as Silk & Urban (1978), Morgan & Rego (2006), Pérez *et al.* (2007) and Morwitz, Steckel & Gupta (2007). A lot of studies demonstrate that really satisfaction has effect on repurchase intention (Anuwichanont and Mechinda, 2009; Kuo and Tang, 2011, Eid, 2011, Miremadi *et al.* 2011; Dharmesti and Nugroho 2012; Srivastava 2014; Ihzan, Balarabe & Jakada, 2016; Wahyuni and Ginting 2017; Wijaya *et al.* 2018; Ivana *et al.* 2020; Zaid, 2020; and Nguyen, Nguyen & Tan, 2021). However, some find that it does not have effect on purchase intention (Gautama, Surjani & Hidayat, 2012; Dehghana, Alizadeh & Alamouti, 2015). Accordingly, one of the purposes of the study is to examine the relation of satisfaction and repurchase intention.

Satisfaction refers to the degree of overall pleasure or contentment felt by the customer, resulting from the ability of the service to fulfill the consumer's desires, expectations and needs in relation to the service (Ihzan, Balarabe & Jakada, 2016). What factors affect satisfaction? Some researchers find that satisfaction is controlled by some factors, such as service quality (Alfin *et al.* 2013; Montung, Sepang & Adare. 2015; Sjahrudin, 2015); product quality, price and location (Bailia, Soegoto & Loindong. 2014); perceived price (Montung, Sepang & Adare. 2015; Rivai & Wahyudi, 2017); image (Savitri & Wardana, 2018); and brand equity (Susanty & Kenny, 2015; Shahroodi *et al.* 2015; Jorfi and Gayem, 2016; Souri, 2017),

The study exercises product quality (Bailia, Soegoto & Loindong. 2014) and perceived price (Montung, Sepang & Adare. 2015; Rivai & Wahyudi. 2017) as controllers of satisfaction. The use of the variables is in accordance with the object of the study. Thus, the model is the relation among product quality and perceived price with satisfaction, and the impact to repurchase intention. Supposed product quality and perceived price have effect on satisfaction, and satisfaction have effect on repurchase intention, a question arises, can satisfaction be a mediate variable? The question apparently is the main aim of the study.

METHODS

Respondents are those who ever buy and use Wardah cosmetics. Sample consists of 113 respondents. It is withdrawn by non-probability sampling, particularly convenience and judgment method (Cooper & Schindler, 2001; 2008). Data submitted by questionnaire utilizing Likert scale ranging from 1= completely not agree to 5= completely agree, which is distributed through google form. While confirmatory factor analysis is in use to identify validity, Cronbach’s alpha test is exercised to assess the reliability. Further, data are analyzed by the use of Amos 22.0 and SPSS 21.0.

RESULTS

Confirmatory Factor Analysis (CFA)

Variable PQ and PP; SAT and RPI

Applying confirmatory factor analysis (CFA), the loading factor of indicators is as follows.

Table 1. Validity of PQ1, PQ2, PQ3, PQ4, PP1, PP2, PP3, PP4, SAT1, SAT2, SAT3, RPI1, RPI2, RPI3, RPI4

Table 1

Indicators	Loading Factors	Justification
PQ1	0.570	Valid
PQ2	0.561	Valid
PQ3	0.798	Valid
PQ4	0.839	Valid
PP1	0.640	Valid
PP2	0.735	Valid
PP3	0.768	Valid
PP4	0.722	Valid
SAT1	0.757	Valid
SAT2	0.879	Valid
SAT3	0.745	Valid
RPI1	0.688	Valid
RPI2	0.710	Valid
RPI5	0.820	Valid
RPI4	0.666	Valid

Source: Data Analysis

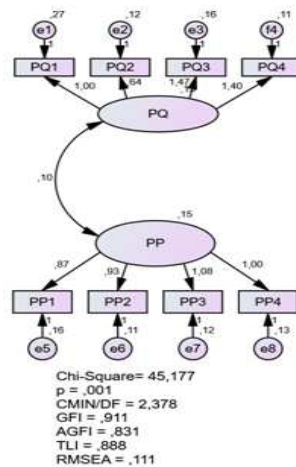


Figure 1. CFA of Variables PQ and PP.

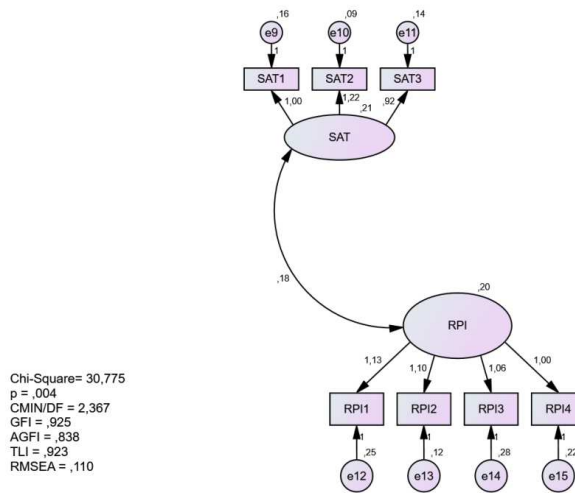


Figure 2: CFA of Variables SAT and RPI.

All indicators employed in the study are above the threshold (0.5). So, they are worthy to be valid (Ghozali, 2011) (Table1, Fig.1, Fig.2).

Test of Reliability

Based on 0.6 as a threshold (Ghozali, 2011), the Cronbach’s alpha scores of PQ, PP, SAT and RPI are above on it. As a consequence, they are reliable (Table 2),

Table 2: Reliability of Variables

Variables	Cronbach’s α	Cut-off Point	Justification
PQ	0.768	0.6	Reliable
PP	0.808	0.6	Reliable
SAT	0.832	0.6	Reliable
RPI	0.806	0.6	Reliable

Source: Data Analysis

Goodness of Fit of the Model

The structural equation model likely doesn’t need any modification, since the GFI score is optimum (Fig.3).

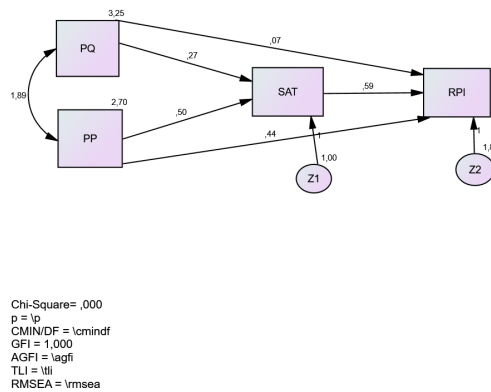


Figure 3: The Modification Model.

Test of Hypotheses

Several relations between variables are denoted as significant effect. The influence of PQ to SAT, the influence of PP to SAT, the influence of PP to RPI and the influence of SAT to RPI, are significant. The influence of PQ to RPI is not significant (p = 0.511) .Consequently, H1, H3, H4 and H5 are supported by empirical data. On the contrary H2 is not (Table 3).

Table 3: Regression Weight Among Variables

	Estimate	S.E	C.R	P	Label
SAT ← PQ	0.274	0.068	4.027	***	par_1
SAT ← PP	0.505	0.075	6.750	***	par_2
RPI ← PP	0.444	0.121	3.664	***	par_3
RPI ← SAT	0.586	0.129	4.545	***	par_4
RPI ← PQ	0.065	0.100	0.657	0.51	par_5

Source: Data Analysis

The position of SAT as mediating variable on the relation of PQ-SAT-RPI (H6) is also not supported by empirical data. Although PQ has significant effect on SAT, and SAT also has significant effect on RPI, PQ does not affect RPI significantly. On the contrary, SAT might be a mediating variable since PP has significant effect on SAT, SAT also has significant effect on RPI and PP has significant effect on RPI. The certain position of SAT as mediating variable on the relation of PP-SAT-RPI will be examined as follows: Table 4 shows that the direct effect of PP to SAT is 0.529; direct effect of SAT to RPI is 0.434. So, the sum is 0.963. Meanwhile the direct effect of PP to RPI is only 0.344, which is smaller than 0.963. Therefore the effect of PP to RPI will be better off if through SAT. In other words, it is apparent that SAT posts as mediate variable on the relation of PP-SAT-RPI. As a result, H7 is supported by empirical data.

Table 4: Standardized Direct Effect Among Variables

	PP	PQ	SAT
SAT	0.529	0.315	0.000
RPI	0.344	0.056	0.434

Source: Amos Output

DISCUSSION

The significant effect of product quality to satisfaction is in line with the study of Bailia, Soegoto & Loindong. (2014). Likewise, the significant influence of perceived price to satisfaction supports the study of Montung, Sepang & Adare. (2015) and Rivai & Wardana. (2017). In addition, the significant effect of satisfaction on repurchase intention holds up the finding of Silk & Urban (1978), (Morgan & Rego 2006), Pérez *et al.* (2007). and Morwitz, Steckel & Gupta (2007). Anuwichanont & Mechinda (2009), Kuo & Tang (2011), Eid (2011), Miremadi *et al.* (2011), Dharmesti & Nugroho (2012), Srivastava (2014), Ihzan, Balarabe & Jakada (2016), Wahyuni & Ginting (2017), Wijaya *et al.* (2018), Ivana *et al.* (2020), Zaid (2020) and Nguyen, Nguyen & Tan(2021).

The insignificant effect of product quality on repurchase intention might be clarified as follows. Good quality of a product doesn't let customers instantly have intention to buy. A good quality of a product referring to marketers' offer might be different with customers' perception. If their perception of quality is good, it might make them to be sure that the product will give satisfaction. The customers' satisfaction certainly allows them to rebuy through repurchase intention. The finding also demonstrates this clarification. Product quality has significant effect on satisfaction, and satisfaction in turn

generates repurchase intention. The explanation likely also illuminates the reason why satisfaction doesn't post as a mediating variable. The mediating position of satisfaction on the relation of PP-SAT-RPI highlights the explanation. Although perceived price has significant effect on repurchase intention directly, but the effect is stronger through satisfaction.

CONCLUSION

The certain relation between satisfaction and repurchase intention gives an answer of the first inquiry of the study e.g. satisfaction really has significant effect on repurchase intention. The investigation of satisfaction position results two evidences. First, satisfaction doesn't position as mediating variable on the relation of product quality-satisfaction-repurchase intention. Second, on the relation of perceived price-satisfaction-repurchase intention, the satisfaction variable posts as mediating variable.

MANAGERIAL IMPLICATION

The finding shows up the importance of satisfaction. In this study it refers to product quality and perceived price. However, it might concern to any variable that might be able to satisfaction. Repurchase intention depends on customers' satisfaction. Unless the firm will go down. The customers' satisfaction likely should be taken into account not only does on classical marketing but also on online marketing. Particularly for firms who promote their products on their own website. Customers' satisfaction is a certainty.

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