
The Influence of Product Price and Quality on Customer Repurchase Intentions Through Customer Satisfaction Mediation

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Keywords

Price, Product Quality, Customer Satisfaction, Repurchase Intention, Freight Forwarding

Abstract

This research was conducted with the aim of knowing the influence of prices and products on PT. XYZ Forwarding Indonesia on Repurchase Intention with customer satisfaction as an intervening variable. This affects business competition conditions in the Freight Forwarding industry. Currently, many Freight Forwarding companies have just been established and dare to provide the best offers to attract their customers. The type of research used is quantitative research using a questionnaire as a data collection instrument. The population in this study was PT service users. XYZ Forwarding Indonesia, the sample used was 154 people who had used the service at least twice. The sampling technique used is Probability Sampling. Data analysis technique through SEM-PLS measurements with the help of Smart PLS 4.0.5.9. Software. Based on the results of SEM analysis, the results show that price has a positive effect on customer satisfaction. On the other hand, price has a negative effect on repurchase intention. Then the product is stated to have a positive effect on customer satisfaction and the product also has a positive effect on repurchase interest. Customer satisfaction has a positive effect on repurchase interest. Furthermore, products do not have a direct influence on repurchase interest but are mediated through customer satisfaction. Price also does not have a direct influence on repurchase interest and is mediated through customer satisfaction. So from a Freight Forwarding perspective, companies must pay attention to price in each sale to be able to fulfill customers' desires and make repeat purchases.

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INTRODUCTION

Economic and industrial growth in Indonesia has experienced very rapid progress. This growth can be seen from the increasing number of similar companies involved in fulfilling customer desires and so that every company must place customers as its main goal. This requires companies to create marketing strategies to find out what consumers need and want (Revella, 2015). For this reason, what needs to be done is to create new markets or at least maintain existing markets.

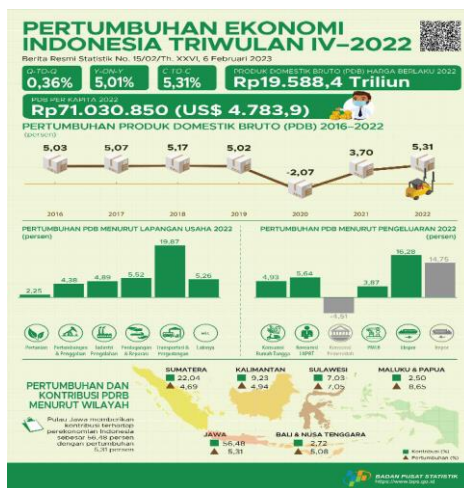


Figure 1 Indonesia's Economic Growth Rate, 2022
 (Source: Central Statistics Agency)

One of the service industries that is developing very quickly in Indonesia is the industry in the world of transportation and logistics. These two things are important because their function is to move people and goods from one place to another relatively quickly. The transportation and logistics services industry is one of the services that are required to offer good prices accompanied by optimal product quality because consumers will evaluate the services that have been provided and this will lead to satisfaction and lead to the decision to make repeat purchases from the company or service provider Concerned. Transportation is the movement of people or goods using equipment or vehicles to and from geographically separated places (Breemer, n.d.). And transportation can also be defined as the activity of moving or transporting something from one place to another (Breemer, n.d.).

Transportation is also the movement of goods or passengers from one place to another, where the product is moved to the destination where it is needed. And in general, transportation is an activity of moving something (goods and/or goods) from one place to another, either with or without means (Simanjuntak, Tarigan, & Siagian, 2022). Currently in Indonesia many companies use transportation to move goods. Especially for Logistics and Freight forwarding companies that require transportation by land, sea or air to move their goods.

The Freight Forwarding business is a business that provides various functions and facilities for logistics activities. Freight Forwarding's main business is to provide services to customers by purchasing transportation services from various airlines or shipping companies or ship owners (Carriers) and making a series of shipments (shipments) from several shippers in small or large quantities, to a destination at a cheaper price.

The definition of freight forwarding (goods delivery service) is a business entity whose aim is to provide service/management services or all activities necessary for the delivery, transportation and receipt of goods using multimodal transportation, both land, sea and air (Bogetić, Vidas, & Lekić, 2014).

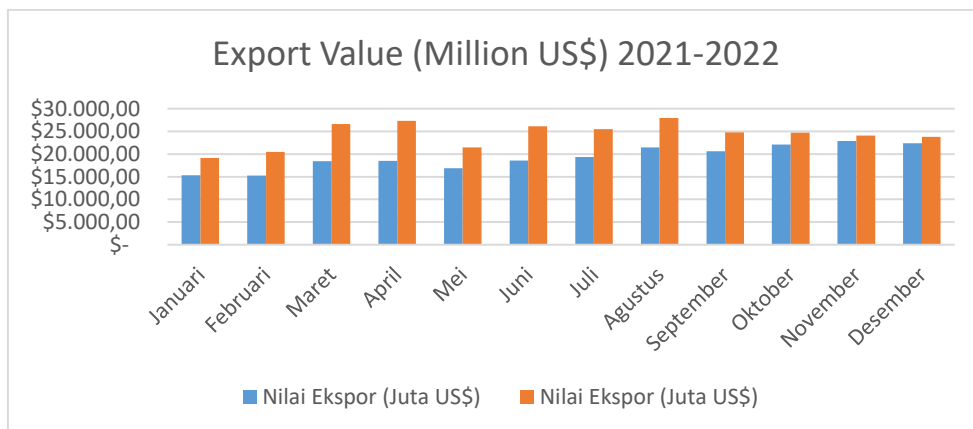


Table 1 Export Value in Indonesia in 2021-2022
(Source: Central Statistics Agency)

The development of the freight forwarding business is becoming more and more intense, accompanied by the increase in exports in Indonesia. Exports are increasing from year to year, making Freight Forwarding companies compete to develop their business as well as possible. Competition also does not escape price competition between companies and in similar fields which is increasingly fierce and competing to offer very competitive services. The increasingly tight competition means that each freight forwarding company must be able to carry out optimal marketing strategies so as not to be eroded by this competition. One part of the marketing strategy is related to the product strategy of the services offered, freight forwarding companies are required to be able to provide offers with quality products and competitive prices.



Figure 2 Export Growths in 2022
(Source: Central Statistics Agency, 2022)

Price is the only element of the marketing mix that provides income or income for the company (BREEMER, n.d.). The price element also has an influence on consumers in terms of costs incurred, usually the more expensive the price of a product or service, the customer or consumer has a higher expectation value (General for Strengthening Research and Development et al., 2022).

Apart from price, product quality is also very influential in freight forwarding business competition. Product quality is a physical condition, nature and function of a product, be it goods or services, based on a quality level that is adjusted to durability, reliability and ease of use, suitability, repair and other components made to meet satisfaction and needs customer. The quality of the products displayed must have added value and be competitive. Starting from good product quality, consumer trust will be formed by itself, because consumers believe that the quality provided is in accordance with what is offered. In this case, it is hoped that consumers will develop a sense of trust in the product after

knowing the product quality, because buyers tend to consider quality as an important factor when choosing a product. This theory is further strengthened by the results of previous research which states that product quality has a positive effect on repeat purchases (Kow, 2024).

In facing many changes and challenges in the dynamic technological era, competitive pressure continues to increase, causing many companies to use service quality as a competitive weapon (Khan, Pervez, Khanum, & Khan, 2023). The customer satisfaction given to the company can give rise to the customer's desire to repurchase the products or services they have purchased and experienced.

Repurchase intention occurs when consumers carry out repurchase activities a second time or more, where the reason for repurchase is mainly triggered by the customer's experience with products and services. The intention to repurchase will definitely grow in consumers when consumers feel satisfaction and comfort with products that consumers bought previously and want to use again. Repurchase intention is the tendency for consumer buying behavior towards a product or service that is carried out repeatedly over a certain period of time and is based on experiences that have been carried out in the past (Oktarini & Wardana, 2018). Repurchase intention is the stage of the respondent's tendency to act after the consumer feels satisfaction (Liao, Lin, Luo, & Chea, 2017).

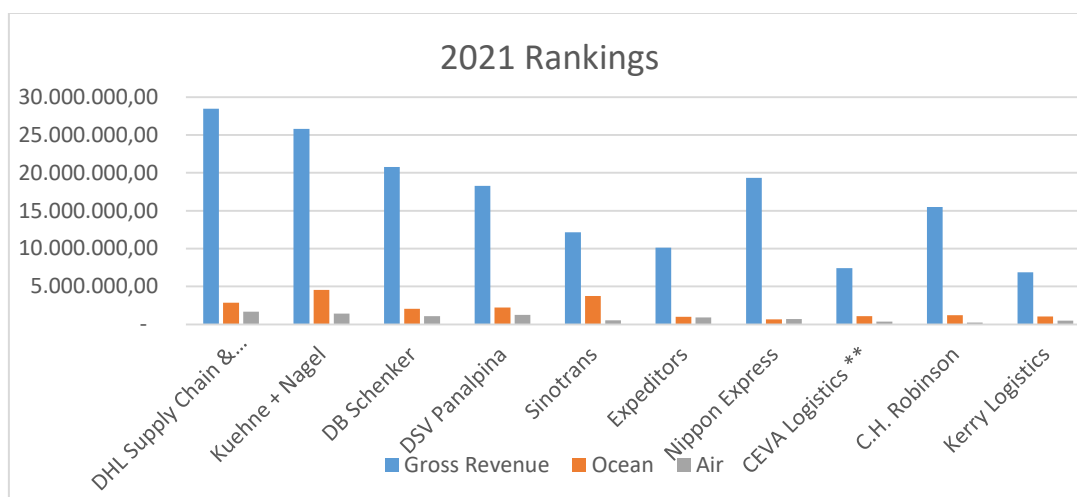


Table 2 TOP Freight forwarding data for the 2021 period
(Courtesy Armstrong & Associates, Inc)

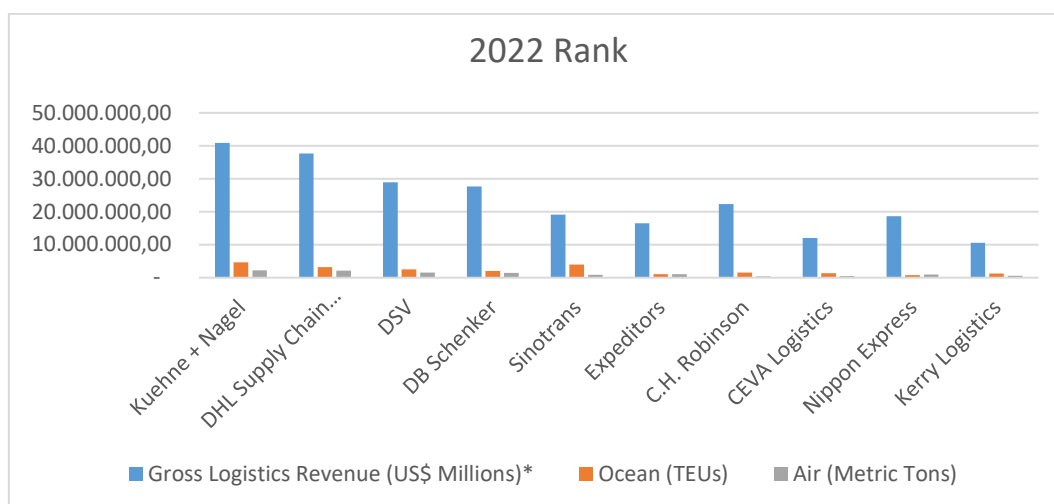


Table 3 TOP Freight forwarding data for the 2022 period
(Courtesy Armstrong & Associates, Inc)

From the data above, it shows that there is competition between each type of Freight Forwarding which can be caused by price competition and product quality. So this needs to be analyzed with the aim of improving the company and also improving the services provided in order to create interest in repeat purchases because basically consumers will be satisfied if they receive what is expected. To increase repurchase interest, specific research is needed relating to price, product quality, service quality and repurchase interest, so the author is interested in studying it more deeply .

RESEARCH METHODS

This study uses the SEM (Structural Equation Model) analysis technique method, with a partial least squares (PLS) approach to test the five hypotheses that will be proposed in this study. The SEM method used is Partial Least Squares (PLS) - Structural Equation Modeling (SEM). The PLS-SEM evaluation in this study, in terms of outer model evaluation, uses a reflective model evaluation, which consists of: (i) Indicator reliability, provided that the outer loading must be between 0.5-0.7 because it is exploratory research; (ii) Discriminant validity, provided that the cross loading of indicator variables on latent variables must have a greater value on other latent variables. Fornell-Larcker for each latent variable must be greater than the correlation between latent variables; (iii) Internal consistency, provided that composite reliability ≥ 0.6 for exploratory research; Cronbrach's alpha must be ≥ 0.6 because it is for exploratory research, and (iv) Convergent validity, provided that the Average Variance Extracted (AVE) must be greater than 0.5. Inner model evaluation consists of: (i) The coefficient of determination (R^2) with the general provisions of the R^2 value ≥ 0.75 ; and (ii) Significance and the magnitude of the structural model coefficients must be significant, which is done through the t test.

RESULTS AND DISCUSSION

On Customer Satisfaction at PT. XYZ Forwarding Indonesia)

The results of testing hypothesis 1 show that the relationship between the variable Price and customer satisfaction shows a coefficient value of 0.232 (positive) and a p-value of 0.001, so it can be concluded that the variable Price has a positive influence of 0.232 on customer satisfaction. Then the p-value is $0.001 < 0.05$ and the t-statistic value is $3.302 > 1.96$, so it is stated that price has a positive and significant effect on PT. The results of this research are in line with previous research conducted by researchers which stated that there is a positive influence on price on customer satisfaction. It is said that price can influence customer satisfaction, the rest of which is supported by other variables (Mandira, Suliyanto, & Nawarini, 2018).

Based on research that has been carried out, the price given by PT. XYZ Forwarding Indonesia is appropriate and acceptable and influences customer satisfaction. This happens in export shipments to various destinations, many customers are satisfied with the prices given. For example, the price for Ocean Freight from Origin Indonesia to the United States that customers get is very satisfying compared to other similar companies. PT. XYZ Forwarding Indonesia strives to maintain existing prices so that customers will continue to come back to use its services.

Testing Hypothesis 2 (Price has no positive and insignificant effect on Repurchase Intention)

The results of testing hypothesis 2 show that the relationship between the Price variable and Repurchase Intention is 0.100 (positive), meaning that the Price variable has a positive influence of 0.100 on Repurchase Intention. Then the p-value is $0.035 < 0.05$ and the t-statistic value is $1.820 > 1.96$, where this value is smaller than the t-table value, so it can be concluded that price has no positive effect and no significant effect on repurchase interest in PT. XYZ Forwarding Indonesia, meaning that it is not in accordance with hypothesis H3 (hypothesis 3 is rejected). The results of this research support previous research conducted by researchers who stated that price does not have a significant effect on repurchase intention. This shows that even though the price given by a company is in line with what

customers expect and want, this is not a guarantee that repeats purchase interest will be higher.

As is the case at PT. XYZ Forwarding Indonesia, because there are many similar companies that also provide competitive prices, customers will continue to look for and choose the cheapest prices they can get even with other companies. Many customers compare PT prices. XYZ Forwarding Indonesia with similar companies and considers that the price given by PT. XYZ Forwarding Indonesia is very expensive and for onward deliveries, customers use the services of similar companies which are considered to have cheaper prices. In the Freight Forwarding Business, customers will make repeat purchases only if trust has been established, so the price given alone cannot guarantee that customers will use the same service repeatedly.

Hypothesis 3 testing results (Products have a positive and significant effect on Customer Satisfaction at PT.)

The results of testing hypothesis 3 show that the relationship between product variables and customer satisfaction shows a coefficient value of 0.663 (positive) and a p-value of 0.000, so it can be concluded that the product variable has a positive influence of 0.663 on customer satisfaction. Then the p-value is $0.000 < 0.05$ and the t-statistic value is $10.112 > 1.96$, so it is stated that the product has a positive and significant effect on customer satisfaction at PT. The results of this research are in line with the results of previous research by reseachers which show that product quality has a positive and significant influence on customer satisfaction (Naini et al., 2022). The higher the product quality, the higher the customer satisfaction.

A customer is said to be satisfied if he is happy and uses or regularly buys a product or service again. The way to build customer satisfaction must of course start by providing superior or superior quality products or services, so that customers feel satisfied with their consumption experience, as at PT. XYZ Forwarding Indonesia The products provided are varied and give customers many choices from ordinary to superior, making customers feel satisfied because what they want can be fulfilled by PT. XYZ Forwarding Indonesia.

Customer satisfaction begins with the consumer's assessment of the quality of the product or service he receives (perception) based on expectations that have been conceptualized in his mind. These expectations arise from products or services that have been received previously (experience) as well as word of mouth that reaches customers. This assessment will lead to satisfaction and dissatisfaction. Customers will feel satisfied if the quality provided meets or even exceeds their expectations. However, on the other hand, if the quality of the product or service provided is lacking or below expectations, then customers will be disappointed. Measuring the level of company customer satisfaction is very important, because in this way the company's performance can be measured and compared with its competitors.

Apart from that, companies can find out if there are deficiencies or weaknesses in the quality of the products (goods or services) offered. Attitude and follow-up are important to cultivating loyal customers. When customers become lost or inactive, action must be taken in an effort to recapture the business. According to reseachers, one of the factors in determining the level of satisfaction that companies must pay attention to is product quality. Customers will feel satisfied if the results of their evaluation show that the products they use are of high quality. Quality can be met when the company can provide products according to customer expectations and even exceed customer expectations. Companies that offer quality will create good relationships with customers. Good relationships that have been created in the long term will make the company understand the customer's expected needs. This will provide positive benefits for the company.

Hypothesis 4 testing results (Products have a positive and significant effect on Repurchase Interest at PT. XYZ Forwarding Indonesia)

The results of testing hypothesis 4 show that the relationship between product variables and repurchase interest shows a coefficient value of 0.381 (positive) and a p-value of 0.000, so it can be concluded that the product variable has a positive influence of 0.381 on repurchase interest. Then the p-values are 0.381. $0.000 < 0.05$ and the t-statistic value is

5.835 > 1.96, so it is stated that the product has a positive and significant effect on repurchase interest at PT.

This is in accordance with the results of previous research by reseachers, who found that product quality has a significant positive effect on repurchase intentions. One of the aims of product quality itself is to determine consumer behavior by influencing their choice to use the product so that this can make it easier for consumers to make a decision when making a purchase. Repurchase is a process that is considered an evaluation carried out by consumers of the products they consume. If a customer has a positive experience with a product that they have used, then the customer will of course use the same product, and vice versa. Repurchase is an action where consumers buy back products that were previously purchased. One form of consumer behavior is interest in purchasing a product or service. The form of consumer purchasing interest is potential consumers, namely consumers who have not taken purchasing action in the present and are likely to take purchasing action in the future.

As happened at PT. XYZ Forwarding Indonesia, where customers are satisfied with the quality of the products provided because they cannot get them in other similar companies. Customers feel that they get the schedule and choice of carrier that they want with many choices of transit time according to their goods needs. Product quality is something that can be taken into consideration to retain customers. As in PT. XYZ Forwarding Indonesia continues to update contracts with domestic and international carriers that customers can choose from, then PT. XYZ Forwarding Indonesia also always upgrades its contracts with carriers so that they get priority in terms of schedule, equipment and others.

Hypothesis 5 testing results (Customer Satisfaction has a positive and significant effect on Repurchase Intention at PT.

The results of testing hypothesis 5 show that the relationship between the variable Customer Satisfaction and Repurchase Intention shows a coefficient value of 0.488 (positive) and a p-value of 0.000, so it can be concluded that the Customer Satisfaction variable has a positive influence of 0.488 on Repurchase Intention. Then the p-value value of $0.000 < 0.05$ and t-statistic value of $7.385 > 1.96$ so that it is stated that Customer Satisfaction has a positive and significant effect on Repurchase Intention at PT.

This is in accordance with the results of previous research by reseachers which show that consumer satisfaction influences repurchase decisions. The satisfaction obtained by a customer can encourage repeat purchases and become loyal to the product or loyal to the company where the service is purchased so that consumers can share a good impression with other people. Where at PT. XYZ Forwarding Indonesia has several customers who are satisfied with the prices and products provided because they are in line with what they expected (such as the choice of schedule or carrier) and encourage customers to make repeat purchases because they have had a good experience with previous purchases.

According to reseachers, after a consumer receives and feels the benefits or value of a product, the consumer already has loyal behavior, a sense of satisfaction and commitment to that product, which in the end can lead to a goal to repurchase the product in the future will come (Gunawan, 2022). According to reseachers repurchase interest is the customer's desire and action to repurchase a product, because of the satisfaction received according to what they want from a product. A brand that is already embedded in the hearts of customers will cause customers to continue purchasing or repurchase. According to reseachers repurchase interest is one of consumer purchasing behavior where there is a match between the value of goods or services which can generate consumer interest in consuming them again in the future. Consumers' desire to repurchase an item is largely based on feelings of trust and value related to the use of the item.

Hypothesis 6 testing results (Customer Satisfaction plays a role in mediating the relationship between Products and Repurchase Intention At PT.

The results of testing hypothesis 6 show that the relationship between the Product variable and Repurchase Intention with the mediation of the Customer Satisfaction variable is 0.324 (positive), meaning that the Product has an indirect influence on Repurchase Intention and is mediated through customer satisfaction which has a positive influence of 0.324. Then the p-values are $0.000 < 0.05$ and the t-statistic value is $5,401 > 1.96$ so it can be concluded that the Product has a significant indirect influence on Repurchase Interest through Customer Satisfaction or it can be said that Customer Satisfaction mediates the relationship between Products on Repurchase Intention, which means it is in accordance with hypothesis 6 (hypothesis 6 is accepted).

Products formed at PT. XZY Indonesia does not necessarily directly influence Repurchase Intention, but first influences Customer Satisfaction, and after the customer is satisfied with what they get, the customer will be influenced by their desire to repurchase. However, customer satisfaction is not the only thing that can influence repeat purchase interest. There are other factors that also play a role in mediating the product's relationship to repurchase interest, including the product itself. In Putri's (2016) research, seven factors were found that influence consumers' repurchase interest, namely customer satisfaction, service quality, brand preference, product quality, perceived value, price, and physical environment (Suprianto, Brahmantyo, & Ingkadijaya, 2023).

Hypothesis 7 testing results (Customer Satisfaction plays a role in mediating the relationship between Price and Repurchase Intention at PT.

The results of testing hypothesis 7 show that the relationship between the Price variable and Repurchase Intention with the mediation of the Customer Satisfaction variable is 0.113 (positive), meaning that Price has an indirect influence on Repurchase Intention and is mediated through customer satisfaction which has a positive influence of 0.113. Then the p-value is $0.001 < 0.05$ and the t-statistic value is $3,236 > 1.96$ so it can be concluded that Price has a significant indirect influence on Repurchase Intention through Customer Satisfaction or it can be said that Customer Satisfaction mediates the relationship between Products on Repurchase Intention, which means it is in accordance with hypothesis 7 (hypothesis 7 is accepted).

The prices given at PT. XZY Indonesia currently have competitive prices and are acceptable to customers, but price does not directly influence repeat purchase interest. However, first it will influence Customer Satisfaction, and after that it will influence Repurchase Intention

According to researchers price is the amount of money charged for a good or service or the amount of money exchanged by consumers for the benefits of owning or using the product or service (Hsu & Lin, 2015). This includes price affordability, price match with product quality, price competitiveness. The results of this research support previous research conducted by researchers which stated that the price variable has a positive and significant effect on Repurchase Intention through the mediation of customer satisfaction (Susanto, Sudapet, Subagyo, & Suyono, 2021).

CONCLUSION

Ocean Freight prices provided by PT. XYZ Forwarding Indonesia currently has a positive influence on customer repurchase interest and this is also followed by the quality of the products provided which has been able to influence customer repurchase interest. Where a company does not gain interest in repurchasing if customers do not feel satisfied when using a service. At this time the prices have met customer expectations where customers feel satisfaction with Ocean Freight prices which vary not just with one choice and with product quality such as schedule, transit time, equipment which has been provided to the maximum extent possible thus creating a sense of customer satisfaction. By aligning each of these variables, it influences customer satisfaction in the same way as it influences customer repurchase interest. So that the fulfillment of customer satisfaction will also influence the customer's repurchase interest.

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