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Examining the Relationship Between Perceived Quality, Customer Satisfaction, and Repurchase Intention in a Small and Medium Enterprise

BY

Mardatilla Azzahra[1], Wisnu Mahendri[2*]

Manajemen, Universitas KH. A. Wahab Hasbullah, Jombang, Jawa Timur

***Corresponding author:** Wisnu Mahendri

Abstract

This research aims to analyze the influence of perceived quality on repurchase intention through customer satisfaction at CV Karya Apik Jombang, a business engaged in furniture manufacturing. Retaining customers and encouraging repeat purchases is crucial in a competitive business world. Key factors in business success are perceived quality, customer satisfaction, and repurchase intention. This research uses a quantitative method with a Structural Equation Modeling (SEM) approach based on Partial Least Squares (PLS). Data was collected from 120 respondents who were CV Karya Apik Jombang consumers and purchased products from January to June. The sampling technique used is non-probability sampling. The analysis results show that Perceived quality has a positive and significant effect on customer satisfaction, Perceived quality has a positive and significant effect on repurchase intention, Customer satisfaction has a positive and significant effect on repurchase intention, and Perceived quality has a positive and significant effect on repurchase intention through customer satisfaction. These findings indicate that good perceived quality can enhance customer satisfaction, encouraging repurchase interest. This research implies that CV Karya Apik Jombang needs to continuously maintain and improve the perceived quality of its products to ensure customer satisfaction and encourage repeat purchases, which will ultimately contribute to business sustainability.

Keywords: *Customer Satisfaction, Furniture, Perceived Quality, Repurchase Intention.*

Introduction

In the competitive business landscape, enterprises may encounter both success and failure. The business landscape is replete with competitors, opportunities, difficulties, excitement, and stagnation, which can determine a venture's success or failure. Consequently, in a business environment replete with obstacles and fervor, an entrepreneur must exercise caution in recognizing and capitalizing on opportunities (Faizah, Hakim, and Rosiawan, 2023).

Retaining current clients is of paramount importance. Customer purchase interest emerges organically when consumers are drawn to and react favorably to a product, significantly increasing the probability of repeat purchases. A key aspect of customer retention is repurchase interest, defined as the client's inclination to make repeat purchases. The acquired products must be suitable and fulfill the requirements, preferences, and capacities. Researchers assert that the inclination to repurchase is a prevalent topic of discussion in the contemporary period of globalization (Bupalan et al., 2019).

Repurchase intention is often characterized as consumers' desire to purchase a company's products and services when they are satisfied with the goods and services provided (Faradisa, Hasiholan, and Minarsih 2016). Companies that enhance their customers' repurchase intent are more likely to succeed in business rivalry since loyal consumers are inclined to not only repurchase the product but also endorse it to their acquaintances (Maramis et al., 2018).

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The proportion of repeat purchases remains comparatively low relative to first-time purchases, as customers often are more inclined to explore new items or experiences. Consequently, organizations need to possess the capability to formulate and execute strategies that encourage client repurchase intentions (Wilson, Woollands, and Barrett, 2018). Customers highly value the product. A significant degree of purchasing interest will positively affect the product's market performance. "Customers' perceptions of product quality heavily influence repurchase interest." Customers see a product as high-quality when it demonstrates dependability and longevity and believe it delivers the anticipated value. Perceived quality is consumer evaluations of a product based on criteria established by the customer (Gralnek et al., 2021). This perception of quality is established in the minds of consumers based on the satisfaction of numerous criteria they have set for the goods. Customers possess distinct evaluative criteria for items, resulting in varying quality requirements across client segments (Stylidis, Wickman, and Söderberg 2020). Customer-perceived quality refers to assessing the product's overall quality and the advantages aligned with their preferences (Maramis et al., 2018).

Customers will be happy if the product possesses high-quality attributes that align with their perceptions. The evaluation of quality might influence consumer happiness. The perceived quality will lead buyers to assume that the acquired product is of superior quality, hence encouraging repeat purchases. Customer happiness is determined by the quality of a product, which is subsequently evaluated to see if it fulfills expectations and provides value (Agustina, Sumowo, and Wijayantini 2018). Research by Avika and Paradhita (2024) indicates that perceived quality positively correlates with repurchase. Perceived quality might entice customers to engage in repeat purchases. A customer's satisfaction with a purchase will affect their inclination to repurchase. Customer satisfaction significantly influences repurchase intention (Liu et al., 2011). Contemporary business entities are vying to enhance client happiness through the things they offer. Consumer satisfaction is the post-purchase evaluation, characterized by contentment when outcomes align with or surpass expectations and discontent when they fall short of aspirations.

Customer satisfaction is the emotional response of delight or disappointment resulting from comparing a product or service's performance and expected performance. Customer dissatisfaction arises when performance fails to satisfy expectations (Tri Dharmawan & Jaolis, 2021). Consequently, the organization must evaluate five primary parameters to ascertain consumer satisfaction: product quality, service quality, emotional elements, pricing, and cost (Chandrawati & Vidyanata, 2022). A key component customers anticipate when acquiring a product or service is satisfaction, which they derive during the consuming experience. Consequently, client pleasure may be substantially anticipated.

Customer satisfaction is a favorable emotional reaction to the experience delivered by the provider; it reflects the extent to which customers are content with a brand and influences the long-term connection between customers and the firm (Jung et al., 2020). Understanding and fulfilling client expectations is essential for attaining high customer satisfaction. The company must actively assess and track customer satisfaction levels to ascertain the enduring relationship between customers and the company, as elevated customer satisfaction correlates with an increased probability of continued patronage and recommendations to others.CV Karya Apik Jombang is a company operating in the furniture manufacturing industry. Its primary products are furniture crafted from Dutch teak wood, such as tables, chairs, cabinets, and similar items. CV Karya Apik Jombang promotes its products using social media platforms like Instagram, WhatsApp, Facebook, and several online marketplaces. Exclusively marketing items offline is considered inadequate for achieving the best outcomes. Consequently, CV Karya Apik Jombang must uphold the quality and quantity of its items to retain clients and stimulate repeat purchases. To foster repurchase interest, a corporation must consider aspects affecting customers, specifically perceived quality. Consumer behavior about perceived quality influences repurchase intention, leading customers to independently assess the product's worth. This research examines the impact of Perceived Quality on purchase intention mediated by Customer Satisfaction at CV Karya Apik Jombang.

Research Methodology

This study employs a quantitative research methodology, as the data collected will ultimately be numerical. The acquired figures will undergo additional examination for data analysis. Quantitative research is sometimes termed traditional due to its longstanding usage (Fauziah, Abdul, and Mubarok 2019). The quantitative approach is a research methodology grounded in positive philosophy utilized to examine a specific population or sample (Buchori Ibrahim et al., 2023).

The population refers to a collection of things or people with specific features and characteristics identified by the researcher for the study and subsequent conclusions (Suryani et al., 2023). The population for this study comprises all CV Karya Apik Jombang users who purchased and utilized the items between January and June, amounting to 120 persons.

As stated by Ernanda and Sugiyono (2017), a sample represents a subset of the quantity and attributes of a given population. The research sample is extracted from a segment

of the population under investigation, representing the entire population. Consequently, the researchers employed the Hair et al. (2013) formula to ascertain the sample size for the study because of the uncertainty over the precise population size.

Hair et al. (2013) assert that an adequate sample size may vary from 100 to 200 respondents, contingent upon the number of indicators employed in the questionnaire, stipulating that the number of indicators should be five to ten times the sample size. A sample of 120 customers was collected throughout six months, from January to June, to reflect the complete consumer population of CV Karya Apik Jombang. This research employed 14 indicators. Consequently, this study uses the Hair formula as outlined below:

Number of indicators = 14 8 (assumption) x 14 = 112 responders

According to the calculations. The researcher adapted to the research settings by employing 8 assumptions multiplied by the number of indicators, resulting in 112 respondents who are customers of items from CV Karya Apik Jombang. Consequently, the sample size for this research is 112, rounded to 120 samples. The sample comprises consumers who have previously acquired furniture goods from CV Karya Apik Jombang and are deemed adequately representative of the community.

The sampling methodology is a way to select samples (Sugiyono, 2017) to identify the sample utilized in research, and several sampling strategies are employed. Probability sampling is defined as follows: Probability sampling is a method that ensures each population element has an equal opportunity to be chosen for the sample (Sugiyono, 2017). This research employs a non-probability sampling technique characterized by the lack of equal opportunities for each population element to be selected as a sample (Ernanda & Sugiyono, 2017).

The employed data analysis approaches include descriptive analysis and structural equation modeling (SEM), specifically partial least squares (PLS) SEM. Descriptive analysis entails delineating study data without juxtaposing variables. This study encompasses three variables: Perceived quality (exogenous), Customer Satisfaction (intervening), and Repurchase intention (endogenous). SEM-PLS is a multivariate analytical technique that assesses the relationships between latent variables and their corresponding indicators. In contrast to covariance-based SEM, PLS emphasizes predicting correlations among constructs. 2). Structural Equation Modeling - Partial Least Squares Analysis: a). Assessment of the measurement model (outer model): Convergent validity requires a loading factor of more than 0.7 (optimal) or greater than 0.5 (tolerable). Discriminant validity refers to the phenomenon where the correlation of indicators is more significant with their concept than with other constructs. Composite reliability should exceed 0.7 (optimal), and the Average variance extracted (Ave) must be above 0.5. b). Structural model evaluation (inner model): R-square evaluates the model's predictive capability (0.75 indicates high, 0.50 moderate, 0.25 weak). Assessment of the structural model (inner model): R-squared: evaluates the model's predictive capability (0.75 indicates strong, 0.50 moderate, and 0.25 weak performance). Effect size (f-square) evaluates the impact of latent variables (0.02 small, 0.15 moderate, 0.35 big), whereas hypothesis testing (bootstrapping) determines significance by t-statistics (> 1.96 for 5% alpha) or p-value (< 0.05). Bootstrap resampling with a minimum sample size of 200 to 1000. This approach guarantees that the predictive model is valid, accurate, and significant for examining the connections among variables. Ultimately, assess the outcomes of the hypothesis test.

Results And Discussion

Table 1. Outer Model

Variable	Item	Outer Loading	AVE	Cronbach's Alpha	Composite Reliability	Discriminant Validity
Perceived Quality	PQ1	0.850	0.758	0.964	0.953	0.850
	PQ2	0.885				0.885
	PQ3	0.876				0.876
	PQ4	0.926				0.926
	PQ5	0.869				0.869

	PQ6	0.870				0.870
	PQ7	0.853				0.853
	PQ8	0.866				0.866
	PQ9	0.821				0.821
	PQ10	0.888				0.888
Customer Satisfaction	KP1	0.761	0.675	0.946	0.939	0.761
	KP2	0.786				0.786
	KP3	0.842				0.842
	KP4	0.794				0.794
	KP5	0.785				0.785
	KP6	0.817				0.817
	KP7	0.857				0.857
	KP8	0.871				0.871
	KP9	0.858				0.858
	KP10	0.836				0.836
Repurchase Interest	MB1	0.783	0.671	0.930	0.966	0.783
	MB2	0.803				0.803
	MB3	0.801				0.801
	MB4	0.818				0.818
	MB5	0.822				0.822
	MB6	0.874				0.874
	MB7	0.813				0.813
	MB8	0.838				0.838

All indicators in the perceived quality variable exhibit an outer loading greater than 0.7, indicating validity. The AVE value of 0.758 demonstrates strong convergent validity. Cronbach's alpha (0.964) and composite reliability (0.953) demonstrate high reliability. All indicators exhibit outer loading greater than 0.7 for the satisfaction variable, confirming their validity. The AVE value of 0.675 demonstrates adequate convergent validity. Cronbach's alpha of 0.946 and composite reliability of 0.939 demonstrate high reliability. All indicators of repurchase intention exhibit outer loadings greater than 0.7, indicating validity. The AVE value of 0.671 demonstrates adequate convergent validity. Cronbach's alpha (0.930) and composite reliability (0.966) demonstrate high reliability.

Table 2. Inner Model

Variable/ Correlation Between Variables	**R-Square**	**R-Square Adjusted**	**F-Square**	**Original Sample (O)**	**T-Statistik**	**P-Value**	**Information**

Customer Satisfaction	0.153	0.146	0.180	-	-	-	-
Repurchase Interest	0.204	0.190	0.070	-	-	-	-
Perceived Quality => Customer Satisfaction	-	-	0.086	0.391	4.910	0.000	Supported
Perceived Quality => Repurchase Interest	-	-	-	0.284	2.825	0.005	Supported
Customer Satisfaction = > Repeat Purchase Interest	-	-	-	0.256	2.771	0.006	Supported
Perceived Quality => Repeat Purchase Interest => Customer Satisfaction	-	-	-	0.111	2.088	0.037	Supported

The r^2 value of 0.146 for the customer satisfaction variable indicates that only 14.6% of the variability in customer satisfaction is explained. This value falls within the weak category, indicating the presence of numerous external factors influencing customer satisfaction beyond the model's scope. The variable for repurchase intention, with a r^2 value of 0.190, indicates that only 19% of the variability in repurchase intention is explained. This value falls within the weak category, suggesting that the model demonstrates limited effectiveness in predicting repurchase intention.

The f^2 value of 0.086 for the perceived quality variable indicates a relatively minor influence of perceived quality on customer satisfaction. This relationship is statistically significant. The f^2 value of 0.180 indicates a moderate influence of customer satisfaction on repurchase intention. This indicates that the variable is significant in the research model. The f^2 value of 0.070 for the repurchase intention variable suggests that the impact of perceived quality on repurchase intention is minimal. This relationship is statistically significant.

The perceived quality of customer satisfaction exhibits a t-statistic value of 4.910 and a p-value of 0.000, indicating a significant strong relationship. The perceived quality's effect on repurchase intention is indicated by a t-statistic value of 2.825 and a p-value of 0.005, suggesting a moderately significant relationship. The relationship between customer satisfaction and repurchase intention is evidenced by a t-statistic value of 2.771 and a p-value of 0.006, indicating a moderate significance. The relationship between perceived quality and repurchase intention, mediated by customer satisfaction, is significant, with a t-statistic value of 2.088 and a p-value of 0.037.

The impact of perceived quality on customer satisfaction

The analysis indicates that perceived quality (X) positively and significantly influences customer satisfaction (Y1). Higher perceived quality by customers correlates with increased levels of satisfaction. CV Karya Apik Jombang demonstrates the ability to establish a favorable quality perception among customers, resulting in customer satisfaction that fosters loyalty, repeat purchases, and positive recommendations.

Perceived quality (X) influences customer satisfaction (Y1). Respondents who perceive a product as high quality generally report greater satisfaction with their experience. A favorable perception of quality enhances satisfaction levels and fosters customer loyalty. Therefore, sustaining and enhancing perceived quality is crucial for companies to establish positive customer relationships.

The findings of this study align with the research by Chandrawati and Vidyanata (2022), titled "The effect of perceived quality and perceived value of cost on customer loyalty through customer satisfaction at Fresh.Co." Previous research indicates that perceived quality influences customer satisfaction.

The impact of perceived quality on the intention to repurchase

The analysis results indicate that perceived quality (X) positively and significantly affects repurchase intention (Y2). Higher perceived quality by customers correlates with an increased likelihood of repeat purchases. High perceived quality fosters customer satisfaction and trust, promoting future repurchases of the same furniture. CV Karya Apik has effectively established a favorable perception of quality, which will likely enhance customer loyalty and foster long-term relationships.

Perceived quality (X) influences repurchase intention (Y2). Consumers exhibit greater satisfaction and trust in a brand when they perceive a product as high quality. The favorable perception of quality enhances customer loyalty and elevates the probability of future repurchase. Consequently, organizations must prioritize enhancing perceived quality to foster repurchase intention.

The findings of this study align with the research by Kusuma, Juanta, and Liliani (2018), titled "The Effect of Perceived Quality, Price, and Product Knowledge on Repurchase Interest of M&B Products in Surabaya City." This study corroborates prior research, indicating that perceived quality influences repurchase intention.

The impact of customer satisfaction on repurchase intention

The analysis results indicate customer satisfaction (Y1) positively and significantly influences repurchase intention (Y2). Customer satisfaction with received products fosters a positive experience, which increases the likelihood of repeat purchases. Customer satisfaction fosters loyalty and trust in a brand or product, enhancing the probability of repeat purchases of the same furniture item. High satisfaction fosters a robust relationship between customers and CV Karya Apik Jombang, promoting repeat patronage.

Customer satisfaction (Y1) influences repurchase intention (Y2). Respondent satisfaction with their experience correlates positively with the likelihood of future repeat purchases. A high level of satisfaction enhances customer loyalty and promotes positive referrals to others. Companies should prioritize enhancing customer satisfaction to foster repeat purchasing behavior.

The findings of this study align with the research conducted by Faizah, Hakim, and Rosiawan (2023) titled "Customer Satisfaction Towards Customer Repurchase Interest at the Zee Thrift Lamongan Store." This study corroborates prior research, indicating that perceived quality influences repurchase interest.

The relationship between perceived quality and repurchase interest is mediated by customer satisfaction.

The analysis results indicate that perceived quality (X) positively and significantly influences repurchase interest (Y2) via customer satisfaction (Y1). Customers perceive the quality of the furniture products they receive as high, enhancing their satisfaction level. Customer satisfaction serves as a significant motivator for repeat purchases. High perceived quality enhances customer satisfaction, and fosters trust and loyalty, thereby increasing the probability of future repurchases of the same furniture product.

The perceived quality influences repurchase interest (Y2) via customer satisfaction (Y1). When respondents perceive a product as high quality, their satisfaction levels increase. The satisfaction generated subsequently influences repurchase intention and brand loyalty. Improving perceived quality is essential for enhancing customer satisfaction, leading to increased repurchase intention. The findings of this study align with those of Hidayah and Anjarwati (2018), who investigated the impact of perceived quality on repurchase intention, with satisfaction serving as an intervening variable among Teh Botol Sosro customers in East Surabaya. This study corroborates prior research, indicating that perceived quality influences repurchase intention and customer satisfaction.

Conclusion

This research investigates the impact of perceived quality on repurchase intention mediated by customer satisfaction at CV Karya Apik Jombang. The SEM-PLS analysis results indicate that perceived quality positively and significantly influences customer satisfaction and repurchase intention. Furthermore, customer satisfaction exerts a positive and significant influence on repurchase intention. A significant finding is that perceived quality positively influences repurchase intention via customer satisfaction, highlighting the mediating role of customer satisfaction. CV Karya Apik Jombang should enhance the perceived quality of its products and assess customer satisfaction to promote repurchase intentions. Future research should broaden the study's scope, incorporate additional variables, and employ mixed methods to achieve a more comprehensive understanding.

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