

The Influence of Service Quality and Customer Satisfaction on Repurchase Intention (Study In Indonesian Drugstore)

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ABSTRACT: *The aim of this research is investigate the effect of service quality and customer satisfaction on the repurchase intention in Indonesian drugstore. The Objective is to find out the causes of sales instability in recent months, whether is affected by low service quality. The statistical population of the research is composed of customers in Indonesian drugstore. The measurement sample is estimated 141. Data gathering instrument is a self administered questionnaire and structural equation modeling (SEM) is used for the data analysis. The result shows that a good service quality will increase customer satisfaction, customer satisfaction will increase the customer repurchase intention, and good service quality will also increase the customer repurchase intention in Indonesian drugstore. Another finding suggests that is expected that Indonesian drugstore determines new strategy to maintain service quality and be able to compete in the market.*

KEYWORDS: *Service qualities, customer satisfaction, repurchase intention, retail, purchase intention, service, and marketing.*

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I. INTRODUCTION

Every activities to fulfill complex and instant needs, makes the entrepreneur gives the best for the costumers needs. Some efforts are continually done in order to make the company exist and has role in fulfilling customer needs, increase customers, and maintain customers. It is in accordance with Kotler(2012) stating that quality is the best guarantee of customer loyalty, the strongest defense of company to deal with competition, and the only way to defend development and income. Lupiyoadi (2006) explains that one of main factors that must be noticed by a company in increasing customer satisfaction is a service quality. The creation of customer satisfaction can give benefit, namely: creating harmonious relationship between the company and the customer, giving a good basis for repurchase, creating customer loyalty, and building recommendation from mouth to mouth that gives benefit for the company (Tjiptono, 2008). The importance of repurchase intention is described by Butcher (2005) as one of success measurements, especially service company. When there are a lot of proclivities from costumers to re-buy then the ability of company to survive will be better than before moreover it can increase. Therefore, the repurchase intention finally becomes the main purpose of company in increasing service quality and in creating customer satisfaction.

Al-Tit(2015) research about the variable relationship related to the explanation above, namely: service quality, food quality, customer satisfaction, and customer retention. This research is a replication from Al-Tit (2015) with variable modification in which some variables are removed such as food quality and customer satisfaction. The same variables are service quality and customer satisfaction. Whereas, the new variable is the repurchase intention. The repurchase intention variable is used in order to know the effectiveness of service quality that directly effects to the profit company. Product quality is considered the same as service quality, so it is removed, means that this research is done to look for the influence of service quality and customer satisfaction on the repurchase intention. The object is different, that is a restaurant to be a drugstore. Conceptual draft and analytical method are also different. The more increase competition level in modern retail, demands the company to give more attention to the customers in order to make them satisfied. It gives benefit to the company, that is the repurchase intention which continually directs to the company profit. Drugstore as a company in modern pharmacy retail offers good service quality to create customer satisfaction. This research generally aims to analyze customer decision to repurchase in drugstore and specifically aims to know if service quality will give influence decision to repurchase and if customer satisfaction will give influence a decision to repurchase.

Literature Study

Parasuraman, et al. (1988) states that service quality is a basis of service marketing because of main product is marketed by customer. According to Parasuraman (1990), there are five service quality dimensions that are used by customer to value or to determine service quality such as tangible, reability, responsiveness, assurance and

empathy. According to Kotler (2012), satisfaction is a balance of customer demand (customer's wish/hope), contrary to service perception that is given by service giver. With the same opinion, customer satisfaction is meant as happy or disappointed feeling felt by someone that emerges after comparing perception/impression on processing (or result) of product and its hopes (Kotler 2012). Customer satisfaction is related to how far customer's wish that is compiled by a service. Besides that, customer satisfaction is an important indicator of a service (Oliver, 1994).

Fishbein and Ajzen (1975) states that intention is a part of *Theory of Reasoned Action*, in which intention is the best *predictor* for occurring behavior. Purchase intention is also to be a function of someone's belief that is obviously related to purchase behavior, whereas purchase intention acts as bridge for attitude and behavior. Fishbein and Ajzen (1975) describes purchase intention as someone's situation before doing an action that can be made as a base to predict those behavior and action. Purchase interest is defined by Cronin and Taylor (1992) as customer behavior in which the customers give positive response on service quality of a company and they intent to re-visit and to re-consume their company products. According to Tsotsou (2006), repurchase is a behavior in which customer re-buy product that has not ever bought before. The purchase decision as it is stated by Schiffman and Kanuk (2008) is someone's decision to choose one of some choices.

Hypothesis Development

The relation between service and satisfaction quality is widely documented in literature. Theoretically, when service is given to be able to fulfill and to excee customer's hape and expectation, the customer feels satisfied. Empirically, many researches with the different background have proven that service quality has positive influence on customer satisfaction as it's uttered by Ishfaq et al. (2010). It's stated that service quality has positive influence on customer satisfaction. With the same variable, Samad (2014) produces result that variable research of service quality has positive and significant influence on customer satisfaction. Based on the explanation above, we can assume that service quality can influence customer satisfaction. Therefore, the hypothesis is compiled as follow:

H₁: Good service quality will improve customer satisfaction.

Customer satisfaction directly influences repurchase intention, in which the tendency to repurchase will occur if there is satisfaction from customer in the previous transaction. The research has been done with variable of customer satisfaction and repurchase intention. Ranjbarian et al. (2012) states that customer satisfaction influences repurchase intention. Whereas Hsuan Liu's research (2012) has a result that online customer satisfaction creates positive and significant influence on customer repurchase intention. Based on explanation above, the hypothesis is compiled as follow:

H₂: Customer satisfaction will increase repurchases intentions.

Customer purchase interest becomes the purpose of management to reach success in marketing product and it can be reached if the company can successfully give satisfaction to the customer by creating good quality. If customer's experience about product and service is good, the customer will repurchase next time. The research done by Kitapei, Akdogan, and Dortyol (2014) states that service quality has positive influence on decision of repurchase.

H₃: Good service quality will improve repurchase intention

II. RESEARCH METHOD

In this research, the amount of sample is 141 respondents. The method of research measurement uses measurement by likert scale method in the form of questioner, in which this method is often used to measure attitude, opinion, and perception of a person or groups of people about indication or phenomenon that can be applied by using five alternative answers that are 1 to 5 (very disagree, disagree, doubtful, agree, and very agree). The population is taken from the customers who take purchase in Indonesian drugstore.

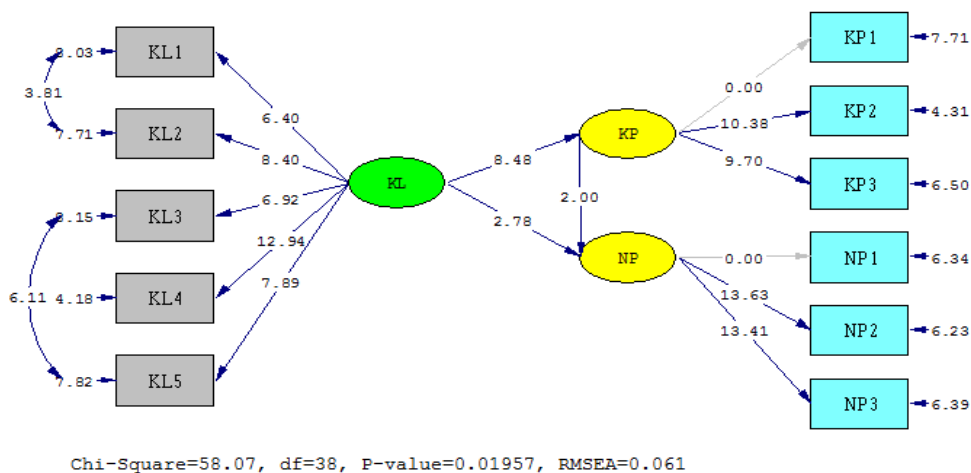
Measurement

This research consists of one exogen variable (service quality) and two endogen variables (customer satisfaction and repurchase intention). In the variable of service quality, the determination of dimension is based on service quality theory by Parasuraman, Zeithaml and Berry (1988) consisting of Tangible, Reliability, Responsiveness, Assurance, and Empathy. Customer satisfaction in this research is determined by its indicator based on the adoption from Crosby (1990), Kim, and Cha (2002), in which it consists of satisfaction to obtain satisfaction in doing right action, and satisfaction overall. Then, the variable of repurchase intention has indicator adopted from Lin and Ding (2006) that consists of interest to be customers, trust that the quality will not decrease, and trust that the quality will increase continually. Next, the indicator above is done by giving questioner to the customers. The questioner is shared and filled by them. After that, validity and reliability test must be done. The validity test uses Kaiser-Meyer-Olkin Measure of Sampling (KMO) and Measures of

Sampling Adequacy (MSA). In this test, the result value must be more than 0.5. It means that analytical factor can be accepted and the research can be continued. The test of reliability is determined with value from Cronbach alpha > 0.6 that means reliable. After doing the tests and the result is acceptable, questioner is shared in specific amounts because it uses three variables. Therefore, analytical method uses Structural Equation Modeling (SEM) analysis with LISREL 8.8 program.

III. RESULT AND DISCUSSION

Based on the analysis, it results hypothesis. t-value obtained to do hypothesis 1 (H₁) from this research is 8.48. The hypothesis can be accepted because t-values that is obtained 8.48 > 1.96. The research result shows that good service quality will increase customer satisfaction. It is appropriate with Zeithaml and Bitner theory (2001) stating that service quality is main service delivery connected to customer satisfaction. Happiness is felt by customer is a reflection of customer satisfaction. Besides that, based on output data result, t-value obtained to do hypothesis 2 (H₂) from this research is 2.00. The hypothesis can be accepted too because t-value 2.00 > 1.96. The research result shows that customer satisfaction will increase repurchase intention. In this case, the tendency to repurchase will occur if the satisfaction is obtained by customer in the previous transaction. The output data result, t-value obtained to do hypothesis 3 (H₃) in this research is 2.78. The hypothesis is acceptable because t-values that is obtained is 2.78 > 1.96. The interest of repurchase has strong influence on the success of a product or service that can be sold in the market. If customer gains good experience on product and service, the customer will repurchase next time. Drugstore has tried to give good service quality to the customers by fulfilling five dimensions of that service quality. If the customer wish is fulfilled, it's expected that there will be a desire to buy products from drugstore again. Good and satisfying service will raise aspiration and also customer's trust on a product or service offered to the customer. The Path of CFA t-value can be described as Figure 1.



Managerial Implication

From the research, the implication result is to create repurchase intention in drugstore must make the customer feels satisfied to shop. The company needs to get closer to the customer in order to make them to be loyal. Therefore, the company must create several ways to make approach to the customer who visit the company. Related to the improvement of service quality, if it is analyzed from the dimension of service quality, there are three things that must be noticed. They are about human resource, location, and service program in that drugstore. It needs to make a mapping for every customer and it is classified to be routine/loyal customer, new customer, and potential customer. Classification of customer, firstly, can be finished by cardinal approach. Then, the approach is determined to each category of customers who has been mapped. Tidiness, cleanness, and product arrangement in the drugstore can be influence service quality that is given by drugstore. Beside Merchandise approach in the outlet with interesting shelf arrangement; the cleanness, good lighting, and completeness of product can be one of approaches. So it can create customers' interest to buy their needs and they will feel comfortable to visit that drugstore.

Conclusion and Research Limitation

The research qualitatively has been finished by data analysis since process of compiling data. The data analysis is used to know the research result. It is also useful to explain and to confirm the truth or fact about research finding. From the explanation above, the research finding is that service quality will increase customer

satisfaction. The customer satisfaction will improve repurchase intention. Research Limitation in this research, sample as respondent is less for SEM Model, that is 141 respondents

REKOMENDATION FOR FURTHER RESEARCH

The next researchers maybe take the same research model, but it must be applied to different object. Then, they able to develop this research by observing other variable factors such as loyalty that indicatively able to make influence in the variable of repurchase intention.

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