

## **MEDIATING ROLE OF CUSTOMER SATISFACTION ON THE RELATIONSHIP BETWEEN PERCEIVED VALUE AND PERCEIVED SERVICE QUALITY TOWARD REPURCHASE INTENTION**

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### **ABSTRACT**

This study aims to analyze the influence of perceived value and perceived service quality on repurchase intention, as well as the mediating influence of customer satisfaction. This research is a cross-sectional study with a quantitative approach. There were 100 respondents in this study, taken using a purposive sampling technique. Statistical analysis uses multiple linear regressions. The research results show that there is a significant and positive influence of perceived value and perceived service quality on customer satisfaction. The findings further explain that customer satisfaction can mediate the influence of perceived value and perceived service quality on repurchase intentions. Online transportation providers need to focus on perceived value, and perceived service quality felt by customers so that customers will return to be loyal to the company.

**Keywords:** Perceived Value, Perceived Service Quality, Customer Satisfaction, Repurchase Intention.

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### **INTRODUCTION**

In recent years, there has been a trend of increasing provision of goods or services online, transportation being one of them. One of the online transportation services in Indonesia was introduced in 2012 by Grab, namely Gojekbike. Gojekbike is a “motorbike taxi” that can be ordered online using a smartphone application. Grab is a company that provides online transportation services. High competition of course requires certain strategies to win competition in the market. Based on the Consumer Awareness survey in the fourth quarter of 2018, the results showed that "online motorcycle taxi" customers most often used GO-JEK services compared to GRAB for two-wheeled vehicles. Of the total respondents who chose Go-Ride, 64% used it up to 1-2 times a day, while 58% of Gojekbike voters used it 1-2 times a day, and 61% of respondents said that Grab was the brand they had used in the last 3 months. The survey also revealed that Grab is considered to have the power to set prices and promotions.

Business development is increasingly rapid, causing competition between companies to meet the needs of their customers to become increasingly stringent. Customer loyalty is a customer's decision to repurchase goods or services that they have previously purchased from the company. Customer loyalty is influenced by perceived value, namely the careful

evaluation carried out on a product or service, and can be expressed as an exchange between perceived benefits and perceived costs. Perceived value is an important thing, because if a product is unable to produce value, it may be inferior to its competitors' products. The value of a product is also closely related to functional benefits, purchasing practices, and use of the brand (Hellier, 2003).

Besides perceived value, perceived service quality is also considered as a factor in repurchase intention behavior. Huang (2012) stated that the higher the service quality felt by customers, the greater the possibility that customers will return to buy products from that company. Apart from that, satisfaction is considered a strong indicator in encouraging customers to repurchase and in some cases can moderate perceived value and perceived service quality on repurchase intention. However, until now there is still a gap in the results of previous research regarding the big role of customer satisfaction as an intervening between perceived value and perceived service quality and repurchase intention. This explanation concludes that there is still a need for studies regarding the influence of perceived value and perceived service quality on repurchase intention, as well as the large influence of satisfaction in bridging it (Huang, 2012; Santoso and Aprianingsih, 2017).

However, research by Anggraeni (2015) states that there is a positive influence of perceived value on customer satisfaction and customer loyalty, but it is not significant. Research conducted by Mensah and Mensah (2018) also does not show that customer satisfaction can be an intervening variable in the influence of service quality on repurchase intention, although the direct influence of service quality and customer satisfaction on customer loyalty was found to be positive and significant.

Based on this description, this study aims to determine the influence of perceived value and perceived service quality on customer satisfaction. Furthermore, this study aims to determine the influence of perceived value, perceived service quality, and customer satisfaction on repurchase intention. This research is expected to contribute to the results of previous research, especially the role of customer satisfaction as a mediating factor toward customer loyalty

## **LITERATURE REVIEW**

### **Perceived Value and Customer Satisfaction**

Hellier et al. (2003) define perceived value as consumers' overall assessment of product attributes. This variable is thought to be able to explain the process of forming repurchase intentions. Furthermore, this knowledge is used as material for individual consideration in making decisions aimed at increasing satisfaction. Biesok (2017) states that perceptions of the quality and value of a product, and its usefulness for customer needs, as well as positive emotions related to purchasing, are the main determining factors for customer satisfaction. Based on research conducted by Ghalandari (2013), Al-Sayyed et al. (2015), and Raji and Zainal (2016), it can be concluded that perceived value influences customer satisfaction. Thus the first hypothesis formulated is:

H1: Perceived Value has a positive and significant influence on customer satisfaction.

### **Perceived Service Quality and Customer Satisfaction**

Haddad et al (2012) revealed that perceived service quality has a positive effect on customer satisfaction. This means that the higher the service quality felt by the customer, the stronger the customer's repurchase intention. In a study conducted, Haddad et al (2012)

indicated that service quality perception factors such as dimensions of physical appearance, reliability, responsiveness, guarantee, and empathy influence repurchase intentions. This means that the better the consumer's perception of quality, the higher the consumer's tendency to repurchase. Conversely, the worse the consumer's perception, the lower their intention to repurchase. This is because perceptions of quality are formed from extensive knowledge that originates from individual experiences in consuming products. Ghalandari (2013) also concluded perceived service quality has a positive effect on customer satisfaction. Based on the analysis carried out, pleasant and high-quality service can lead to customer satisfaction. Therefore, a second hypothesis can be declare:

H2: Perceived service quality has a positive and significant influence on customer satisfaction.

### **Perceived Value and Repurchase Intention**

Huang (2012) stated that perceived value has a positive and significant influence on repurchase intentions. The higher the product quality, the stronger the customer loyalty, making it more likely that recommendations will be made to other potential customers. Therefore, the third hypothesis in this research is:

H3: Perceived Value has a positive and significant influence on repurchase intention.

### **Perceived Service Quality and Repurchase Intention**

Santoso and Aprianingsih (2017) and Samad (2014) stated that perceived service quality has a positive and significant influence on repurchase intention. The direct and indirect influence of perceived value occurs significantly on repurchase intention. Based on this explanation, the fourth hypothesis can be drawn as follows:

H4: Perceived Service Quality has a positive and significant influence on repurchase intention.

### **Customer Satisfaction and Repurchase Intention**

Angelova and Zekiri (2011) explain that customer satisfaction has a positive effect on organizational profitability because satisfied customers will bring success to a business through repeat purchases, loyalty, and positive word of mouth. Tsiros et al (2004) defines customer satisfaction as an emotional response to the evaluation of the consumption experience of a product or service. Huang (2012) states that there is a positive relationship between customer satisfaction and repurchase intention. Customer satisfaction also plays a role in strengthening the relationship between perceived value and repurchase intention. The higher the customer's perceived value, the customer satisfaction will also increase, which will make the customer's repurchase intention stronger. Santoso and Aprianingsih (2017) and Phuang and Trang (2018) explained that customer satisfaction has a positive influence on the relationship between perceived service quality and repurchase intention. Therefore, the fifth hypothesis of this research is:

H5: Customer satisfaction has a positive and significant influence on repurchase intention.

The conceptual framework can be shown at Figure [1](#).

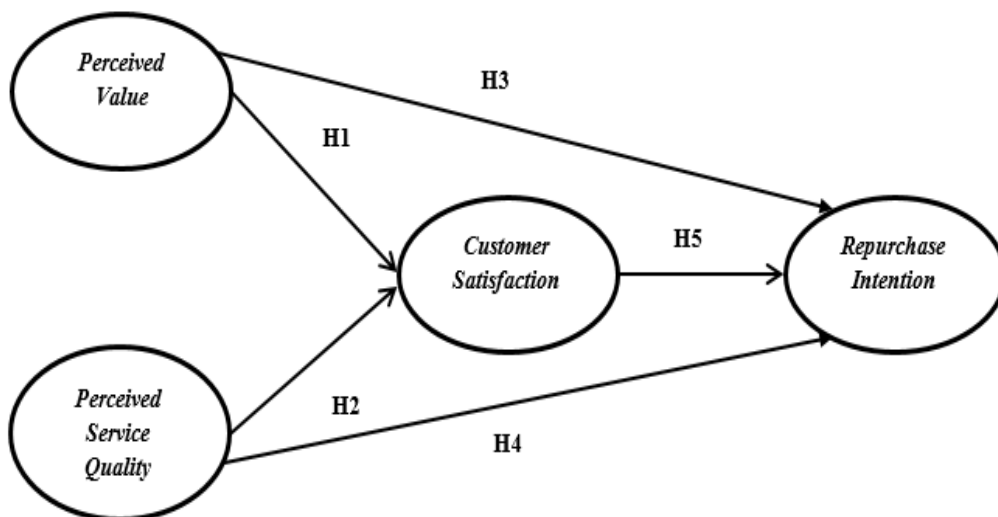


Figure 1. Research Framework

**RESEARCH METHODS**

**Sample**

The research is a cross-sectional study with a quantitative approach. The reachable population in this study are customers of the Gojekbike online transportation service for the last 6 months. The sampling technique in this research uses non-probability sampling, namely purposive sampling. This method is used because Gojekbike's customer population is unknown. Widiyanto (2008) explains that in determining the sample size if the population size is unknown, the formula is used:

$$n = Z^2/4(Moe)^2 \quad (1)$$

Where: n = Number of samples, Z = Level of normal distribution at the 5% significance level = 1.96, Moe = Margin of Error Max, namely the maximum level of sampling error that can still be tolerated or desired.

By using a max-margin of error of 10%, the number of samples that can be taken is 96.04 or 97. Based on these calculations, the minimum sample size is 97, and in this study, 100 respondents were taken. The inclusion criteria for research respondents were customers aged 18-55 years and who had used Gojek bike services at least once in the last 6 years.

**Measure**

The perceived value indicators in this research used the dimensions proposed by Sweeney and Soutar (2001), namely: emotional value, utility that comes from positive feelings or affective/emotions that arise from consuming the product, social value, utility that is obtained from the product's ability to increasing the customer's self-social concept, quality/performance value, the utility obtained from perceptions of the quality and expected performance of the product, and price/value of money, the utility obtained from the product due to reduction in short-term costs and long-term costs.

The indicators of perceived service quality used SERVQUAL (Parasuraman et al, 1985), namely: tangibles, everything that describes the physical form that supports service operations, reliability, the company's ability to serve following what is delivered accurately, responsiveness, the company's ability to serving consumers quickly and responsively,

assurance, the company or employees can build trust and confidence in their consumers, consumers feel safe when transacting with the company, must have the ability to answer well, the attitude and nature of employees are polite in dealing with consumers, and empathy, the attitude full attention and care given to consumers.

Satisfaction in this study is measured by the level of a person's feelings after comparing their perceived performance or results with their expectations (J. Supranto, 1997). The level of satisfaction is a function of the difference between perceived performance and expectations.

**Data analysis**

Descriptive analysis in this study was carried out by changing raw data into a form that is easier to understand and interpret. This analysis describes the profile and responses of respondents to the questionnaire given. Statistical testing begins with testing the validity and reliability of research data. The validity test aims to determine the accuracy and accuracy of a measuring instrument in carrying out its measuring function. Thus, this testing procedure can ensure that the data meets the eligibility criteria for analysis using other statistical methods. In this research, the collected data will be processed statistically with multiple linear regression analysis using the IBM SPSS Statistics version 22 application.

**RESULT AND DISCUSSION**

**Result**

Table 1 show that a total of 100 respondents participate in study This. As many as 54% are women, while 46% are man. Respondent majority filled 18-29 years old (81%). Education respondents the most are diploma or bachelor degree (78%).

**Table 1.** Description of Respondent

Information	Frequency	Percentage
Gender		
Man	46	46%
Woman	54	54%
Age		
18-29 years old	81	81%
30-55 years	19	19%
Education		
Senior High School	13	13%
Diploma or Bachelor	78	78%
Master	9	9%

Table 2 show that all indicators for each variable have a calculated r-value greater than the r-table (0.3494), so it can be concluded that all indicators in the questionnaire are valid. The reliability test shows that all variables are reliable because they are above 0.600.

**Table 2.** Validity and Reliability of Data

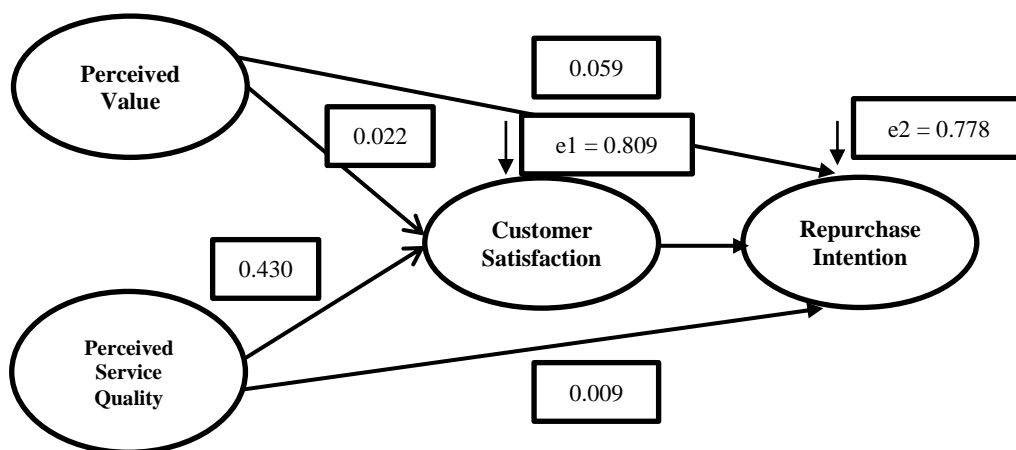
Variable and Indicators	Corrected Item-Total Correlation	Cronbach's Alpha
<i>Perceived Value</i>		0.735
X1.1, X1.2, X1.3, X1.4	0.471, 0.721, 0.444, 0.490	
<i>Perceived Service Quality</i>		0.886
X2.1, X2.2, X2.3, X2.4, X2.5	0.524, 0.693, 0.835, 0.763, 0.821	
<i>Customer Satisfaction</i>		0.743
Y1.1, Y1.2, Y1.3, Y1.4	0.465, 0.591, 0.470, 0.638	
<i>Repurchase Intention</i>		0.684
Z1.1, Z1.2	0.536, 0.536	

Referring to the Model I Regression output in Table 3, it can be seen that the significance value of the perceived value and perceived service quality variables respectively is 0.000 and 0.049, which is smaller than the p-value of 0.05. These results provide the conclusion that Regression Model I, namely perceived value and perceived service quality have a significant effect on customer satisfaction. Therefore, H1 and H2 are accepted. Based on Table 3, it can be seen that the significance value of the perceived value and perceived service quality variables respectively is 0.0720 and 0.073 which is greater than the p-value of 0.05. These results provide the conclusion that Regression Model II, namely perceived value and perceived service quality, does not have a significant and positive effect on Repurchase Intention. Customer Satisfaction has a significant effect on Repurchase Intention, with a significance value of  $0.000 < p\text{-value} < 0.05$ . Therefore, H3 and H4 are rejected, while H5 is accepted. Thus, the path diagram of the structural model is obtained as described in Figure 2.

**Table 3.** Path Analysis Results

Variable	Direct Effect		Indirect Effect Via Y	Total Effect
	Y	Z		
X1	0.555**	0.035	$0.555 \times 0.614 = 0.341$	0.376
X2	0.165*	-0.147	$0.165 \times 0.101 = 0.101$	-0.046
Y		0.614**		
Total Influence of X1 and X2 on Z through Y				0.330
Influence Other Variables ( $\epsilon$ ) Against Z				0.670

Information : X1 = Perceived value, X2 = Perceived Service Quality, Y = Customer Satisfaction, Z = Repurchase Intention, \*  $p < 0.05$ , \*\*  $p < 0.01$



**Figure 2.** Research Framework

**Discussion**

This research proves that there is a positive and significant influence of perceived value on customer satisfaction. The following research was conducted by Ghalandari (2013) that revealed that perceived value has a positive influence on customer satisfaction. Biesok and Wyród-Wróbel (2011) also stated that perceptions of the quality and value of a product, and its usefulness for customer needs, as well as positive emotions related to purchasing, are the main determinants of customer satisfaction.

Perceived service quality has also been proven to have a significant positive effect on customer satisfaction. Dassanayake and Weerasiri (2017) in their research revealed that there is a significant and positive influence of service quality on customer satisfaction. Al-Sayyed et al. (2015) in their research also indicated that service quality and all its dimensions have a positive and significant effect on customer satisfaction. Malik (2012) revealed that customer

satisfaction is significantly related to perceived service quality and perceived value. Because the gap between perceptions and expectations is negative, it can be concluded that customers have greater expectations than they receive. Therefore, if the management of a service company, such as GRAB, wants to improve customer satisfaction evaluations, it would be better to strive to improve customers' perceptions of service performance rather than changing their expectations. Perceived value was found to be highly correlated with customer satisfaction.

The positive and direct influence of perceived value and perceived service quality on customer loyalty was not proven to be significant in this research. However, the direct influence of customer satisfaction on customer loyalty is proven to be positive and significant. Path analysis calculations prove that there is intervening customer satisfaction, the influence of perceived value and perceived service quality on customer loyalty is greater than the direct influence without intervening. Samad (2014) in his research also proved the role of customer satisfaction in mediating the influence of service quality on customer loyalty in the software industry in Pakistan. Likewise, according to Santoso and Aprianingsih (2017), customer satisfaction was proven to be an intervening variable in the influence of perceived service quality and e-service quality on customer loyalty of GO-JEK customers in Java. Phuong and Trang (2018) also explained the same thing in their research on the M-Commerce industry in Vietnam. Huang (2015) in his research also revealed that customer satisfaction acts as a mediating effect between perceived value and customer loyalty in the retail industry in Taiwan.

## CONCLUSION

This study concludes that there is a significant and positive influence of perceived value on customer satisfaction. Furthermore, there is a significant and positive influence of perceived service quality on customer satisfaction. Other findings conclude that there is no significant and positive influence of perceived value and positive perceived service quality on repurchase intention. Lastly, there is a significant and positive influence of customer satisfaction on repurchase intention, and customer satisfaction can be an intervening variable in the influence of perceived value and service quality on repurchase intention.

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