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## The Role of Customer Satisfaction as a Mediator of Service Quality and Purchase Intentions in E-Commerce in Indonesia

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#### ABSTRACT

**Purpose** –The purpose of this research is to see how the quality of an online store's website affects consumer satisfaction, repurchase intention, and consumer satisfaction as a mediating of consumer repurchase interest.

Methodology/approach - This study was done in June 2021 in Tarakan, with a sample of 110 participants who had made transactions utilizing an online store application. An online survey on a Likert scale of 1 to 5 was used to collect data. In this work, path analysis was used as an analytical technique (path analysis).

**Findings** – Service quality has a substantial positive effect on customer satisfaction, service quality has a significant positive effect on repurchase interest, and customer satisfaction has a significant positive effect on repurchase interest, according to the findings of the study.

Novelty/value -Service quality plays a very significant role in ecommerce

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#### INTRODUCTION

The development of information technology in the current era of globalization is very rapid. The internet is one of the advancements that continues to grow to help and facilitate people in their daily activities. The internet has also changed people's lifestyles to become completely online. In Indonesia, the number of active internet users who make buying and selling transactions via the internet reaches 78 percent. According to data from Bank Indonesia (BI), the value of e-commerce transactions in 2020 reached Rp. 266.3 trillion (www.kominfo.go.id). This encourages the creation of e-commerce which is increasingly favored by the people of Indonesia(Karim, 2021; Satriadi et al., 2022; Sunarmi et al., 2022).

There are many ways that E-commerce does to master change, one of which is to improve the quality and quality of the business itself, and prioritize customer satisfaction. Service quality is the main key to compete in a business environment where in the current era of globalization the level of competition is getting higher and tighter. Satisfaction is defined as a feeling of happiness or disappointment from customers after comparing impressions/expectations with the results obtained from a product (Kotler, 2005). If the customer is satisfied, it will create an emotional connection between the service provider and the customer. Customer satisfaction is what ultimately creates a sense of repurchasing the product(Iskamto, 2020, 2021).

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Repurchase intention is believed to depend on the level of consumer satisfaction based on good experiences with previous purchases(Priscilla & Priscilla, 2019)Consumer satisfaction in online stores can be formed from website quality factors that can make consumers feel at home to shop online(Zahra & Rachmawati, 2019)and the quality of offline services that can make consumers feel comfortable, safe, and satisfied (Widjaja & Giovanni, 2018). The quality of online store website services is measured from the WebQual 4.0 concept which is identified into three dimensions, namely usability, information quality, and service interaction quality.(Bakhri, 2021; Marlinda, 2021; Teuku, 2022).

Service quality is very important to form customer loyalty. Customer loyalty is very much needed by business people who in this case are assisted by E-commerce in order to establish long-term relationships with consumers. Business people and also E-commerce must pay attention to this because in today's modern era, getting new customers will certainly be more difficult and expensive than caring for existing customers. Consumers who have a high sense of loyalty have certainly got the satisfaction they want.

Therefore, this study aims to determine how the influence of online store website service quality on consumer satisfaction, service quality on repurchase intention and consumer satisfaction as a moderator of consumer repurchase interest.

### LITERATURE REVIEW (if any)

#### **Service Quality**

Service quality is the key to measure satisfaction. In providing services to consumers, service quality is defined as how far the difference between reality and customer expectations for the services received or obtained. There are 5 dimensions of ServQual (Bhatt & Bhanawat, 2016), namely physical evidence (tangibles), reliability (reliability), responsiveness (responsiveness), assurance (assurance), and empathy (emphaty).

Tangibles are the ability of a company to show its existence to external parties. The appearance and capabilities of the company's physical facilities and infrastructure and the state of the surrounding environment are tangible evidence of the services provided by the service provider. The next dimension, namely reliability, is the company's ability to provide services as promised accurately and reliably, such as error-free service and a high level of accuracy. The third dimension is responsiveness, which is a willingness to help and provide fast and appropriate service to customers by delivering clear information. In addition to the responsiveness dimension, the next dimension is assurance, which is knowledge, courtesy, and the ability of company employees to foster customer trust in the company. The last dimension is empathy, which is to give sincere and personal attention to customers by trying to understand consumer wants where a company is expected to have an understanding and understanding of individual customer needs.

#### **Consumer Satisfaction**

Customer satisfaction is an individual feeling that results from the feeling of pleasure or disappointment felt or expectations from a product or service (Kotler & Keller, 2016). Customer expectations are believed to have a big role in determining satisfaction. According to Meesala and Paul (2018), customer satisfaction is a key factor that drives when product or service performance exceeds expectations. If the performance or experience received by consumers is less than expectations, consumers will feel dissatisfied. Conversely, if it is in accordance with consumer expectations, consumers will feel satisfied. If the performance or experience obtained is greater than expectations, consumers will feel very happy.

There are 5 core concepts regarding the object of measuring customer satisfaction (Tjiptono, 2014), namely overall customer satisfaction, dimensions of customer satisfaction, confirmation of expectations, repurchase intentions, and willingness to recommend.

#### **Repurchase Interest**

Repurchase interest is purchase interest based on past purchase experiences (Rosaliana & Kusumawati, 2018). According to Sartika (2017), repurchase interest is an interest in purchasing a product or service based on past purchase experiences. Meanwhile, according to (Murwanti & Pratiwi, 2017) repurchase interest is a consumer commitment that is formed after consumers make a previous purchase of a product or service. Commitment arises because of a positive impression of consumers or satisfaction received in accordance with what is desired from a product. Products that are already embedded in the hearts of customers will lead to repeat purchases.

There are 4 dimensions of repurchase interest (Saidani & Arifin, 2012), namely transactional interest, referential interest, preferential interest, and exploratory interest. Transactional interest is the tendency of consumers to always repurchase the products they have consumed. Referential interest is the willingness of consumers to recommend products that have been consumed to others. Preferential interest is consumer behavior that makes the product that has been consumed as the main choice. Exploratory interest is the desire of consumers to always seek information about the products they are interested in.

#### Framework

According to research by Bahar et al., (2020) service quality has no significant effect on user satisfaction. In contrast to Rico et al., (2019) who argue that Service Quality has a positive and significant effect on customer satisfaction. In line with Aprilia & Ferdinand (2021) that service quality has a significant effect on trust and satisfaction. Likewise, Priscila & Priscila (2019), website quality and O2O commerce service quality have a significant positive effect on customer satisfaction.

H1: Service quality has a significant positive effect on customer satisfaction

According to research conducted by Bahar et al., (2020) service quality has no significant effect on repurchase interest. Different from(Puspita Ayu & Sulistyawati, 2018) Yag argues that service quality has a significant positive effect on customer loyalty. In line with Alwi (2018) that service quality has a significant positive effect on e-customer loyalty. Similarly, Priscila & Priscila (2019) said that the quality of the website and the quality of O2O commerce services had a significant positive effect on repurchase intentions.

H2: Service quality has a significant positive effect on repurchase intention

According to research that has been done by Aryani and Febrina (2010), customer satisfaction is able to moderate the effect of service quality on customer loyalty. Furthermore, Akbar (2009) argues that satisfaction is able to moderate service quality on customer loyalty positively and significantly. In line with Malik (2012) revealed that customer satisfaction has a positive and significant effect in moderating the effect of service quality with customer loyalty. Satisfaction plays a major role in relation to mediation between service quality and customer loyalty according to Sighn and Thakur (2012)

H3: Customer satisfactionas a moderator of consumer repurchase interest

#### **METHOD**

This research method uses an online survey, using a Likert scale ranging from 1-5 (strongly disagree-strongly agree). Measurements in this study were carried out in stages to test the hypothesis. The first stage is to perform a confirmatory factor analysis (CFA) test, this is done to test the feasibility of the indicators used in each variable. What is done is to test the validity and reliability (AVE, Cronbach alpha, and critical ratio). The PLS model is

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carried out by evaluating the measurement model (outer model) and structural model (inner model). Assessment of the measurement model (outer model) aims to test the construct validity and reliability of the instrument.

To test the construct validity, the convergent validity method (AVE value 0.50) and the discrimination validity of the Fornell-Larcker Criterion (AVE root value > correlation of latent variables) were used. For the reliability test used indicator reliability method (factor loading value 0.50) and internal consistency reliability method (composite reliability 0.70 and Cronbach's Alpha 0.60). Testing of the structural model (inner model) is carried out using the bootstrap method (Hair et al, 2014). The score of the inner model is indicated by the t-statistic value 1.98 with = 5%. The second stage is to measure the CFA value of the indicator variable. The third stage is to test the effect of the independent variable on the dependent variable directly and also use a moderating variable to test the hypothesis, it can be seen in Figure 1 below, we used Smart PLS 3.0 as a tool to test it. In addition, we also tested the value of R-square, f-square and loading factor as a tool to strengthen the analysis.

#### **Population and Sample**

The population in this study are people who have made transactions using online store applications. The method of determining 110 samples using guidelines from (Hair 2010) which states that the minimum sample is 5 x the number of indicator variables used. This research was conducted in the city of Tarakan in June 2021.

#### RESULTS AND DISCUSSION

Table 1 below shows the demographic data of the respondents. Based on gender, male respondents were 25 people or 23% while female respondents were 85 people or 77%. In terms of age, 99% of respondents are aged 18-24 years, while 1% are over 24 years old.

Table 1. Descriptive Statistics

Description	Frequency	Percentage	
Gender			
Man	25	23%	
Woman	85	77%	
Age			
18 - 24	109	99%	
<b>&gt;</b> 24	1	1%	
Status			
Not married yet	100	91%	
Marry	10	9%	
Income			
< 5000000	110	100%	
> 5.000000	0	0%	
Frequency of online transactions			
more than 1 time	45	41%	
5-10 times	32	29%	
11-20 times	7	6%	
➤ 20 times	26	18%	

#### **Inferential Analysis**

Measurement Model (OuterModel)

The construct reliability test can be done using the internal consistency reliability method (composite reliability 0.70 and Cronbach's Alpha 0.60) and the indicator reliability method (factor loading value 0.50) (Hair et al, 2014). Table 2 shows that the research indicators have met the reliability requirements. Convergent validity assessment is carried out by looking at the AVE value (AVE 0.50 is said to be valid) (Hair et al, 2014).

The results of the validity and reliability tests are in Table 2. Shows that all research instruments used to measure the variables of service quality, customer satisfaction, and repurchase intentions have a correlation coefficient value on the total score of all question items past the required value of 0.6. This shows that the statement items in the research instrument are valid and feasible to be used as research instruments. The results of the reliability test are in Table 2. It shows that all research instruments have met the reliability or reliability requirements.

The coefficient of determination is used to see how much change in the dependent variable is due to the independent variable. Table 2 shows that the magnitude of the effect of service quality and customer satisfaction on the change in repurchase intention is 66%. The rest, as much as 44% is explained by other variables outside the study.

	Table 2 Mean,	Validation	and Reliability	
3.7				_

No	Construct/Item	Factor Loading	Std. Dev	AVE	CR	Alpha	R- Square	f- Square
1	Service Quality	Louding	201				Square	Square
	I feel that the online shop facilities are completely available	0.801						
	I feel that the services provided are in accordance with the costs incurred.	0.856						
	I feel that online store employees are fast in serving consumers.	0.814	0.037	0.663	0.908	0.873	0.666	1991
	I feel that the online store employees are friendly in serving							
	I feel that the employees of the online store are willing to listen to consumer complaints, suggestions and criticisms.	0.808						
		0.791						
2	Consumer Satisfaction I am satisfied with the service of the online shop.	0.884						
	I am happy to have experience in using online store services	0.849	0.068	0.779	0.914	0.858	0.547	0.226
	I feel that using an online store is the right decision	0.913						
3	Repurchase Intention	0.912						
	If possible, I want to continue to use the	0.912						
	services of online stores as a means of buying and selling goods							
	Most likely I will continue to use the online shop in the future	0.956	0.126	0.884	0.958	0.934		0.034
	I intend to continue to use the services of an online shop	0.952						

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The assessment of the validity of discrimination is carried out by looking at the AVE root value through the Fornell-Larcker Criterion (AVE root value > Latent variable correlation). Tables 2 and 3 show that the research variables have met the validity requirements

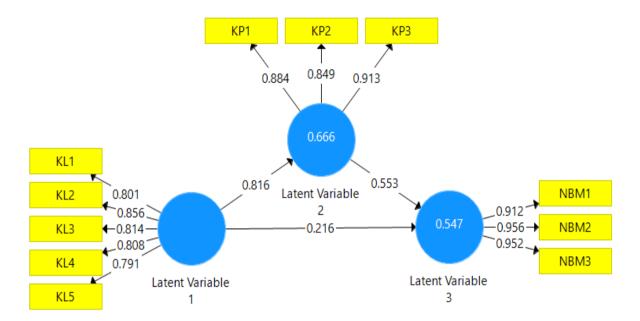


Table 3 Discriminant Validity

No	Construct	Service Quality	Customer Satisfaction	Repurchase Intention
1	Service Quality	0.814		
2	Consumer	0.816	0.883	
	Satisfaction			
3	Repurchase	0.667	0.729	0.940
	Intention			

#### Hypothesis testing

Hypothesis testing is done by looking at the path coefficient value which indicates the level of significance. The path coefficient or inner model score indicated by the t-statistical value must be greater than the t-table value of the two-way test (> 1.98) with = 5%. Bootstrap results can be seen in Table 4

Table 4 Hypothesis Test

No	Hypothesis	Path	Path	T-	P-	Conclusion
			Coef	Value	Value	
1	H1	KL-KK	0.816	22,156	0.000	Supported
2	H2	KL-NBK	0.667	9,812	0.000	Supported
3	Н3	KK-NBK	0.055	4.407	0.000	Supported
			3			

Table 2 shows that the first hypothesis (H1) has a t-statistic of 22,156 (>1.98) and a significance value of 0.000 (<0.05). Thus, H1 is accepted. The second hypothesis (H2) has a t-statistic value of 9.812 (>1.98) and a significance value of 0.000 (<0.05) so that H2 is accepted. The third hypothesis (H3) has a t-statistic value of 4.407 (>1.98) and a significance value of 0.000 (<0.05) thus, H3 is accepted.

#### Discussion

#### Service Quality on Consumer Satisfaction

The results showed that service quality had a positive effect on customer satisfaction (sig. 0.000 < 0.05). The results of this study are in line with research(Rico et al., 2019)and(Christian & Nuari, 2016)which states that service quality with dimensions of tangibility, reliability, responsiveness, empathy, and assurance has a significant effect on customer satisfaction.

In this study, the main dimension of service quality that has the most influence on customer satisfaction is the dimension of reliability. It is evident from the results of descriptive statistical analysis, that the products and prices available are more effective and make it easier for consumers to find important information in online stores. reliability is a guide for consumers to choose the desired product in a structured manner. Users of online stores will be helped by effective navigation reliability and can have a positive impact on customer satisfaction. On the other hand, online store users will be disappointed if they do not get the reliability of a product they are looking for due to unstructured instructions and ultimately have a negative impact on customer satisfaction.

#### Service Quality on Repurchase Intention

The results showed that service quality directly had a positive effect on repurchase intention (sig. 0.000 < 0.05). The results of this study are in line with research(Priscilla & Priscilla, 2019)which states that the quality of online stores has a significant effect on consumer repurchase interest. The better the consumer's assessment of the quality of the online store, the higher the consumer's interest in making repeat purchases.

The results also show that the quality of online stores indirectly has a positive effect on repurchase intention through customer satisfaction (sig. 0.000 < 0.05) with a VAF value of 28.57%. Thus, customer satisfaction is categorized as a partial mediation variable.

#### Consumer Satisfaction with Repurchase Intention

The results showed that customer satisfaction had a positive effect on repurchase intention (sig. 0.000 < 0.05). The results of this study are in line with research(Diyanti, Syarifa yulindar, 2021)and(Pink Berlianto, 2019)which states that customer satisfaction has a significant effect on consumer repurchase interest.

In this study, the main dimension of customer satisfaction that has the most influence is that respondents feel that using an online store is the right decision to repurchase intention where consumers want to buy products at online stores again. Various reasons are listed in the characteristics of the respondents such as being able to see the product directly, there are services for replacing goods if they are not appropriate, the process of taking product goods is fast, and so on.

#### **CONCLUSION**

Based on the discussion of the results of the research that has been done, it can be concluded that service quality has a significant positive effect on customer satisfaction. Service quality has a significant positive effect on repurchase intention. Furthermore, customer satisfaction is able to moderate the intention to repurchase.

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