

## The Effect of Service Quality and Product Quality on Consumer Repurchase Intention with Satisfaction as A Mediating Variable at Putri Ayu's Weaving in Gianyar Regency

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### Article Info

#### Keywords:

Service Quality, Product Quality,  
Satisfaction, Repurchase Intention

Received: August, 2023

Revised: October, 2023

Accepted: November, 2023

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DOI: <https://doi.org/10.32795>

### Abstract

**Purpose** – The aim of this study is to examine the effect of service quality and product quality on customer return through satisfaction at Putri Ayu Weaving in Gianyar Regency.

**Methodology** – In this study, a survey questionnaire was administered to 85 participants, and the data were analysed using SEM-PLS.

**Findings** – The satisfaction plays an important role in purchase intention, where physical evidence is the main factor of service quality and design is the main factor of product quality. It has also been shown that satisfaction is often influenced by price. The results also confirm that service quality has a positive and positive effect on customer satisfaction, product quality has a positive and positive effect on customer satisfaction, service quality has a positive and positive effect on repeat intention, and product quality has a positive and positive effect on repeat intention. In addition, customer satisfaction has a positive effect on repurchase intention and plays a mediating role between service quality and repurchase intention. This study promotes a better understanding of consumer behaviour and provides better insights for businesses in the weaving industry.

**Originality** – Indicators measuring customer satisfaction act as a mediator between product quality and service quality on repurchase intention

## 1. Introduction

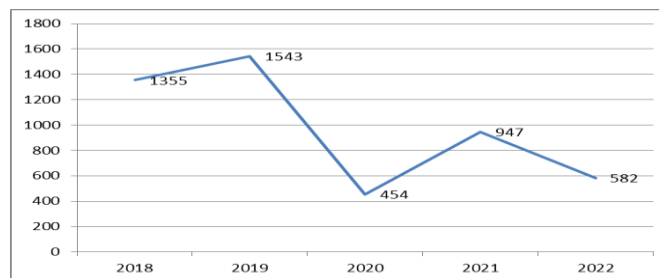
Related to the trend of endek fabric that is currently on the rise in the market, Putri Ayu, as a company that agrees in the field of endek, tries to take advantage of all available marketing opportunities to increase its sales. The development of Putri Ayu's sales for the period 2018–2022 is as follows:

**Table 1** Monthly Sales of Putri Ayu Weaving in 2018-2022

No.	Month	Sales (IDR)				
		2018	2019	2020	2021	2022
1	January	20.050.500	18.470.000	20.050.000	15.930.000	19.590.000
2	February	39.400.000	36.877.000	28.807.000	17.712.500	11.747.500
3	March	21.750.000	18.020.000	27.180.000	4.275.000	7.040.000
4	April	18.860.500	13.895.000	14.955.000	4.238.000	9.195.000
5	May	24.300.000	22.257.000	23.870.000	2.495.000	10.970.000
6	June	15.375.000	10.377.000	10.933.000	5.210.000	26.490.000
7	July	33.900.500	31.761.500	33.851.000	9.925.000	26.457.500
8	August	39.082.500	39.082.500	38.550.500	8.250.000	15.006.500
9	September	18.754.500	18.904.500	20.100.000	2.445.000	9.825.000
10	October	38.000.500	39.597.000	38.950.500	2.155.000	13.285.000
11	November	10.600.000	27.369.000	30.700.000	10.777.500	23.575.500
12	December	44.100.500	46.267.500	40.800.500	11.830.000	27.904.000
<b>Total</b>		<b>324,174,500</b>	<b>322,878,000</b>	<b>328,747,500</b>	<b>95,243,000</b>	<b>201,086,000</b>

Source: Princess Ayu Weaving, 2023

Table 1 describes the development of Putri Ayu's Weaving income, which has fluctuated in the 2018–2022 period. The lowest revenue occurred in 2021. Fluctuating revenue reflects the fact that the repurchase interest from customers also fluctuates. The alleged decline in customer buying interest is represented through data on the level of consumer visits to Putri Ayu Weaving, which has decreased, as shown in the following graph.



Source: Princess Ayu Weaving, Year 2023

**Graph 1** Level of consumer visits to putri ayu weaving period 2018-2022

Graph 1 illustrates the number of consumer visits to Putri Ayu from 2018 to 2022, which is experiencing a declining trend. The highest number of visits was in 2019, namely 1543 visitors, and the lowest in 2020, namely 454 visitors. At this time, Putri Ayu Weaving is faced with very tight competition because there are many companies that produce similar products.

The high level of competition causes producers to think about a good strategy to win the competition and retain customers. Pertenunan Putri Ayu has received many awards from various groups, but this does not guarantee that consumers will be able to keep their interest coming back.

According to Nasution (2021), service excellence refers to a company's ability to provide a better service than its competitors. Service quality is determined by how well it meets customer expectations. Higher perceived service quality results in higher user satisfaction and has a more positive impact on behavioural intentions. Conversely, lower perceived service quality leads to lower customer satisfaction. Indriati (2020), Putri (2021), and Salsabila (2022) conducted a study confirming the positive and significant impact of service quality on customer satisfaction.

H1: Customers' levels of satisfaction are significantly and favourably impacted by the quality of the service.

Based on Tjiptono (2017) assertion that all parties desire quality products and services, marketers should take into account the appearance and condition of products before marketing them. Quality products play a crucial role in the formation of customer satisfaction, with higher product quality correlating with greater customer satisfaction. In turn, increased customer satisfaction can lead to higher profits for the company. Recent research by Fuadi (2021), Mulyana (2019), and Halim (2018) supports the positive and significant impact of product quality on consumer satisfaction. Drawing from this literature review and prior research, this study posits the following hypotheses:

H2: Customer satisfaction is notably and favorably influenced by the quality of a product

Excellent customer service can have a positive impact on a customer's intention to make repeat purchases and a company's outcomes. Creating customer satisfaction is highly dependent on good service quality, particularly in terms of factors such as reliability, responsiveness, assurance, and empathy. The quality of service provided can also shape consumer decision-making and foster strong connections with companies. Reliable sources like Putra (2017), Meilasari (2021), and Nasution (2021) support the claim that service quality can have a significant and positive impact on repurchase intention. Drawing from these studies and the literature review, this research puts forth the following hypothesis:

H3: Repurchase intention is notably and favorably influenced by the quality of service.

The quality of a product refers to its ability to perform its intended functions, which encompass attributes such as durability, reliability, precision, ease of use and repair, and other features that contribute to the product's overall value. Essentially, the quality of a product can be deemed good and satisfying if it meets the expectations of the customer. Therefore, a company's success in meeting customer expectations determines whether the product quality is good or not. Greater interest in repurchasing is usually associated with higher product quality. Empirical studies by Indriati (2020), Putri (2021), and Fuadi (2021) provide evidence of the positive and significant impact of product quality on repurchase intention. Considering the literature review and prior research, the following hypotheses are presented in this study:

H4: Repurchase intention is notably and favorably influenced by the quality of a product.

Customer satisfaction is the level of one's feelings after comparing the perceived performance or outcome with the expectations of the product. The level of customer satisfaction is the difference between the consumer's perceived performance (or perceived outcome) and expectations. This means that the higher the customer satisfaction, the higher the consumer's interest in buying again. Conversely, the lower the customer satisfaction, the lower the consumer's interest in buying again. Based on research by Fuadi (2021), Mulyana (2019), and

Nasution (2021), consumer satisfaction has a positive and significant effect on repurchase intention. Based on the literature review and previous research above, the hypothesis proposed in this study is:

H5: A positive and significant correlation exists between consumer satisfaction and repurchase intention.

Soleimani (2018) stated that the concept of service quality involves measuring the distance between customers' expectations and their actual experience, with good service quality leading to heightened levels of consumer satisfaction and an increased desire to repurchase. Fuadi (2021), Mulyana (2019), and Nasution (2021) corroborate these findings and suggest that customer satisfaction serves as a mediator for the impact of service quality on repurchase intention, based on existing literature reviews and prior research.

H6: Customer satisfaction is a moderating factor in the relationship between service quality and repurchase intention.

Kotler (2018) provide a broad definition of a product as anything that can fulfil a customer's need or want, ranging from physical objects and services to experiences, events, individuals, locations, organisations, information, and concepts. Furthermore, product quality encompasses all aspects of the product that create value for customers Putra (2017). If product quality is high, it will likely lead to increased levels of customer satisfaction and a greater likelihood of repurchase (Fuadi, 2021; Mulyana, 2019; Putra, 2017). As per the existing literature and prior research mentioned above, customer satisfaction has been identified as an intermediary factor in the relationship between product quality and repurchase intention.

H7: The effect of product quality on repurchase intention is influenced by customer satisfaction.

## 2. Research Method

The validity and reliability of the questionnaire were tested before proceeding with the data analysis. After ensuring the instrument's validity and reliability, the data was analysed using the Structural Equation Modelling-Partial Least Squares (SEM-PLS) method. This advanced statistical analysis technique allowed for the examination of complex relationships between observed and latent variables. The results indicated that work conflict and workload had a significant negative impact on the work productivity of New Refrez Spa therapists. Furthermore, job satisfaction was found to mediate this relationship, suggesting that improving job satisfaction could potentially mitigate the negative effects of work conflict and workload on productivity.

## 3. Results and Discussions

Following are the results of the path coefficient can be seen in table 2

**Table 2 Path Results coefficient**

Variable	Original Sample (O)	T Statistics ( O/STDEV )	P Values
Satisfaction -> Purchase Interest	0.300	2,619	0.009
Service Quality -> Satisfaction	0.756	11,731	0.000
Quality of Service -> Purchase Interest	0.534	4,454	0.000
Product Quality -> Satisfaction	0.571	8,860	0.000
Product Quality -> Purchase Interest	0.423	6,309	0.000

Source: Data processed 2023

Service quality (X1) has proven to have a positive effect of 0.756 and is significant on customer satisfaction (Y<sub>1</sub>), with significance in the path coefficient, which is positive with 0.000 < 0.05 and T-statistic = 11.731 (T-statistic > 1.96), so hypothesis 1 (H1) is accepted. Product quality (X2) has a positive effect of 0.571 and is significant on consumer satisfaction (Y<sub>1</sub>), with significance in the path coefficient, which is positive with 0.000 < 0.05 and a T-statistic of 8.860 (T-statistic > 1.96). Service quality (X1) proved to have a positive effect of 0.534 and was significant on purchase intention (Y<sub>2</sub>), with significance in the path coefficient, which is positive with 0.000 < 0.05 and T-statistic = 4.454 (T-statistic > 1.96), so hypothesis 3 (H3) was accepted. Product quality (X2) has a positive effect of 0.423 and is significant on purchase intention (Y<sub>2</sub>), with significance in the path coefficient, which is positive with 0.000 < 0.05 and T-statistic = 6.309 (T-statistic > 1.96), so hypothesis 4 (H4) is accepted. Satisfaction (Y<sub>1</sub>) proved to have a positive effect of 0.300 and was significant on buying interest (Y<sub>2</sub>), with significance in the path coefficient, which is positive with 0.000 < 0.05 and T-statistic = 2.619 (T-statistic > 1.96), so hypothesis 5 (H5) was accepted.

The analysis of indirect effects in this study can be found in Table 3.

**Table 3 Indirect Effect Testing Results**

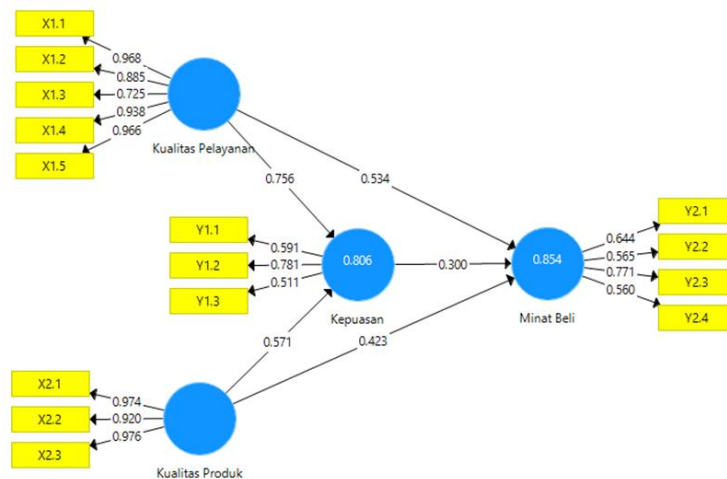
Variable	CoefficientTrack	T Statistics	P Values	Description
Quality of Service -> Satisfaction -> Purchase Intention	0.227	2,638	0.009	Significant
Product Quality -> Satisfaction -> Purchase Interest	0.171	2,225	0.027	Significant

Source: Data processed 2023

**Table 4. Recapitulation of Mediation Variable Testing Results**

No	Variable Mediation	Effect Coefficient				Description
		A	B	C	D	
1	Quality of Service -> Satisfaction -> Purchase Intention	0.172 (no)	0.707 (sig)	0.701 (sigs)	0.755 (sig)	<i>Partially Mediated</i>
2	Product Quality -> Satisfaction -> Purchase Interest	0.101 (No)	0.555 (sig)	0.501 (sig)	0.829 (sig)	<i>Partially Mediated</i>

In order to clarify the explanation above, a full model of the results of the SEM-PLS analysis can be presented in Figures 3 and 4.



**Figure 3 Algorithmic SEM-PLS Analysis**

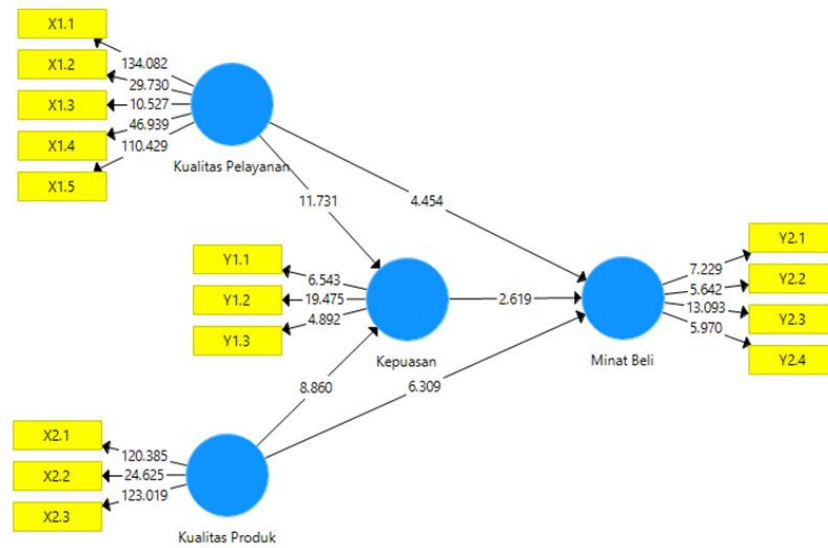


Figure 4 SEM-PLS Bootstrapping Analysis

#### 4. Conclusions

The quality of service plays a crucial role in determining customer satisfaction. In simpler terms, there is a strong and positive correlation between service quality and customer satisfaction. If Putri Ayu Weaving can deliver excellent service, it is highly probable that customers will be content and hold a favorable opinion of the company. Similarly, the quality of a product has a positive and noteworthy impact on consumer satisfaction. When a product possesses good quality, it is likely to result in customer satisfaction and a positive perception of the product. Service quality has a notable and positive impact on the intention of customers to make repeat purchases. By providing good service quality, customer satisfaction is achieved, which in turn increases their inclination to engage in future transactions with the company. Likewise, product quality has a significant and positive effect on consumer's intentions to repurchase a product. When a product exhibits good quality, it leads to consumer satisfaction, which subsequently enhances their interest in buying the product again in the future. Consumer satisfaction also plays a crucial role in determining repurchase intention. When consumers are content with their overall experience, they are more likely to develop a desire to repurchase products or continue using services from the same company. Furthermore, consumer satisfaction acts as a mediator between service qualities and repurchases intention. It serves as a link that connects good service quality to the intention of customers to make repeat purchases. Similarly, consumer satisfaction acts as a mediator between product qualities and repurchases intention. When consumers are satisfied with the quality of the product they receive, it increases their likelihood of having a higher repurchase intention.

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