International Conference on
ETAR

BOOK OF CONFERENCE PROCEEDINGS
NOVEMBER 25–26, 2014

International Conference on
EMERGING TRENDS IN
ACADEMIC RESEARCH (ETAR-2014)

Organized by:

GLOBALILLUMINATORS

Telkom University

GLOBAL ILLUMINATORS PUBLISHING

GL BALILLUMINATORS ⛛ **Telkom** University

CONFERENCE PROCEEDINGS

BOOK OF ABSTRACTS ETAR-2014

International Conference on
"EMERGING TRENDS IN ACADEMIC
RESEARCH"
(ETAR- 2014)
Bali, Indonesia.

Global Illuminators Publishing,
Kuala Lumpur Malaysia

GLOBAL
ILLUMINATORS
PUBLISHING

Book of Abstracts Proceedings

International Conference on "Emerging Trends In Academic Research" (ETAR-2014) Bali, Indonesia.

i

Disclaimer

TABLE OF CONTENTS

THE INFLUENCE OF CUSTOMER SATISFACTION ON REPURCHASE INTENTION THROUGH BRAND PREFERENCE AS INTERVENING VARIABLE

Novita Butarbutar[1] and Heppy Millanyani, S.Sos. MM[2]
Telkom University, Indonesia.
Correspondence: [1]novita.butars@gmail.com, [2]heppymill@gmail.com

ABSTRACT

The objectives of this study are to know the influence of customer satisfaction on brand preference, brand preference on repurchace intention, customer satisfaction on repurchace intention, and customer satisfaction on repurchace intention through brand preference for data package users.

This study uses descriptive and causal method with convenience sampling method. The object of this study is the user of Smartfren data package in West Java with signification level by 5% and confidence level by 95%. Data collection was tested quantitatively with 400 respondents. This study uses descriptive analysis and path analysis. Data processing uses SPSS version 16 for Windows.

Based on the descriptive analysis, it was found that customer satisfaction, brand preference and repurchase intention are in good category. The results showed that customer satisfaction's variable was simultaneously influencing brand preference positively and significantly. Furthermore, customer satisfaction and brand preference were simultaneously influencing repurchase intention positively and significantly. Partially, customer satisfaction influencing repurchase intention positively and significantly through brand preference.

According to the findings, Smartfren should improve the service quality on its data package speed by adding the number of BTS (Base Transceiver Station), providing high-speed data package service with affordable price, distinguishing Smartfren's features with another operators, creating program or event for all Smartfren users, creating quiz program with prizes for the Smartfren regular customer and participating in sponsoring humanitarian environment activities to deliver exemplary value for Smartfren users.

Keywords: Customer Satisfaction, Brand Preference, Repurchase Intention, Data Package.

Conference Title: Emerging Trends in Academic Research (ETAR) 2014

Study Title: The Influence Of Customer Satisfaction On Repurchase Intention Through Brand Preference As Intervening Variable

Author 1: Novita Butarbutar, Telkom University, novita.butars@gmail.com

Author 2: Heppy Millanyani, S.Sos., MM., Telkom University, heppymill@gmail.com

Presenter: Heppy Millanyani, S.Sos., MM.

Correspondence: Heppy Millanyani, S.Sos., MM.

Abstract

The objectives of this study are to know the influence of customer satisfaction on brand preference, brand preference on repurchace intention, customer satisfaction on repurchace intention, and customer satisfaction on repurchace intention through brand preference for data package users.

This study uses descriptive and causal method with non probability sampling method i.e. convenience sampling and descriptive analysis and path analysis. It was found that customer satisfaction, brand preference and repurchase intention are in good category. The results showed that customer satisfaction's variable was simultaneously influencing brand preference positive and significantly, customer satisfaction and brand preference were simultaneously influencing repurchase intention positive and significantly. Based on the partial results of the data analysis, customer satisfaction influencing repurchase intention positive and significantly through brand preference.

According the study's findings, Smartfren should improve the service quality on its data package speed by adding the number of BTS (Base Transceiver Station), providing high-speed data package service with affordable price, distinguishing Smartfren's features with another operators, creating program or event for all Smartfren users, creating quiz program with prizes for the Smartfren regular customer and participating in sponsoring humanitarian environment activities to deliver exemplary value for Smartfren users. The future research are recommended to examine other factors that affect repurchace intention besides consumer satisfaction and brand preference i.e. service quality, equity, value, past loyalty, and expected switching costs (Hellier et al, 2003) well as examines the coverage of wider area or multiple companies.

Keywords: customer satisfaction, brand preference, repurchase intention, data package

1. INTRODUCTION

Entering the digital age, the Internet in Indonesia is growing very rapidly. Internet penetration in 2013 is 71.19 million people or 28% of the 248 million population (http://www.apjii.or.id/v2/read/page/halaman-data/9/statistik.html). One of the mobile service provider of CDMA (code division multiple access) that stands out is PT. Smartfren Telecom which is the first telecomunication operator in the world that provides CDMA EV-DO Rev. B technology which is equivalent to 3.5 G in the GSM (Global System for Mobile Communication) and became the first CDMA operator that provides Blackberry services. The company which has only been operating for three years has won the achievement of top brand for two consecutive

years in 2012 and 2013 (Source: http://www.smartfren.com/ina/overview, accessed February 15, 2014).

Smartfren's sales strategy of bundling smartphones and modems at affordable price can increase the number of customers. Sales of this bundling in 2013 reached 3.5 million units (Source:http://financeroll.co.id/news/andalkan-layanan-data-smartfren-proyeksikan-program-bundling-handset-hingga-2-juta-unit/). But there is a customer churn rate of this bundling program of 65% (http://tekno.liputan6.com/read/776945/jelang-akhir-tahun-smartfren-bersih-bersih-pelanggan). This high churn rate, indicating that consumers only use Smartfren for a certain period of time and then switch to another carrier. This is not in line with the results of the *Top Brand Awards* in which stated that Smartfren has brand strength based on Top Brand Index criteria. It is important for Smartfren to find a strategy to reduce churn rate, one of which is maintaining or improving customer satisfaction.

According to Surjandari and Hamdani (2009), the level of customer satisfaction need to be considered by the operator because the customer is more critical to product's quality as well as having a broader perspective in asessing which operators can fulfill their needs and expectations. A high level of customer satisfaction could reduce churn rate.

Repeat buying interest related to customer satisfaction as expressed by Peter and Olson (2013: 387) that if the consumer is satisfied with a product, service or brand, they will be more likely to make the purchase again and tell others about their pleasureable experience. If they are not satisfied, they will tend to switch to another brand or product and submit a complaint to the manufactures, distributors and other customers.

According to Hellier, et al (2003), a high level of satisfaction tends to increase the probability that the brand will be retained in the pattern of customer consideration and will increase customer preference for the brand. There is a causal relationship between the customer disposition to support the service from a specific supplier (brand preference) and the willingness of customers to repurchase the service from the same supplier. Furthermore, customer satisfaction can affect change in attitude which in turn affects the repeat buying interest.

In this study, researchers want to know how the antecedents of customer satisfaction and brand preferences affecting customer intention to repurchase Smartfren internet data packets. Branding and positioning strategies of Smartfren aim at consumers aged 13-35 years where internet penetration in this segment amounted to 65% (Source: http://swa.co.id/headline/strategi-smartfren-mengimplementasikan-womm). The method used are descriptive and causal with convenience sampling as sampling technique, as well as descriptive analysis and path analysis. In accordance with this background, the researchers interested in studying "The Influence Of Customer Satisfaction On Repurchase Intention Through Brand Preference As Intervening Variable (Case Study On Smartfren's Data Package Users At West Java In 2014)"

Objective of the Study
Based on the above subject matter, the purpose of this study is:
1. Knowing the customer satisfaction of Smartfren's data packets user in West Java.
2. Knowing the brand preference of Smartfren's data packets user in West Java.
3. Knowing the repurchase interest of Smartfren's data packets user in West Java.
4. Knowing the influence of consumer satisfaction to Smartfren's data packets user's brand preference in West Java.
5. Knowing the influence of consumer's brand preference to Smartfren's data packets user's repurchase interest in West Java.

6. Knowing the direct influence of customer satisfaction to Smartfren's data packets user's repurchase interest in West Java.
7. Determine the influence of Smartfren's consumer satisfaction to repurchase interest through brand preference as intermediate variables.

2. LITERATURE REVIEW
Brand Preference
Hellier, et al. (2003) suggested that brand preference is the degree to which consumers expect the services provided by the company today as a comparison to the services provided by other companies with a series of considerations.

Customer Satisfaction
Customer satisfaction is defined as the result of the evaluation of cognitive and affective, where some standard performance ratio compared with the actually perceived. If the perceived performance is less than expected, the customer will be satisfied. On the other hand, if the perceived performance exceeds expectations, the customer will be satisfied (Hossain, 2006).

Repurchase Interest
Hellier, et al. (2003) defines the repurchase interest as "The individual's judgment about buying again a designated service from the same company, taking into account his or her current situation and Likely circumstances". From the definition it is clear that repurchase interest occurs when consumers make the second purchasing activities or even more than that, the reason for the repurchase was primarily driven by the consumer's experience of the product or service.

Relationship between Customer Satisfaction and Brand Preferences
A high level of satisfaction tends to increase the likelihood that the brand will be retained in the pattern of customer consideration and will increase customer preference for the brand. (Hellier, et al., 2003). According to Ardhanari (2008), the consumer's decision in choosing a brand is strongly influenced by past experiences with the brand. If the brand can satisfy the consumer, trust in the brand will be formed and it is very influential on brand preference.

Relationship between Brand Preferences and Repurchase Interests
Meanwhile according to Hellier, et al. (2003), there is a causal relationship between the customer disposition to support the service from a specific supplier (brand preference) and the willingness of customers to purchase the service again from the same supplier. It can be concluded that consumers' evaluation of product quality affects their attitude to make a decision to buy the product again.

Relationship between Consumer Satisfaction and Repurchase Interests
According to Hellier, et al. (2003), consumer satisfaction can affect change in attitude which in turn affects the intention to repurchase. Direct positive relationship between customer satisfaction and repurchase interest supported by a study which proved that overall customer satisfaction with a service strongly associated with behavioral intention to return to the same service provider.

Law et al. in Ayu (2009) explains that consumer decision to repurchase is influenced by past experience of consumers. Comparison between actual product performance and expected product performance is a major factor which influence purchasing decisions, if the actual product performance is equal to or more than expected performance then the consumer will be satisfied. Meanwhile, when the actual performance of the product is far below expectations, consumers will feel dissatisfied. This indicates that the satisfaction / dissatisfaction effect on repurchase intention.

Relationship between Consumer Satisfaction and Repurchase Interests with Brand Preference as an Intervening Variable

Hellier, et al. (2003) support the view that customer satisfaction does not affect the intention to repurchase directly, but indirectly through brand preference. Perception of customer satisfaction measurements are less likely to include alternative assessment of other brands. Alternative assessment is only a moderator in the relationship of satisfaction and repurchase.

3. RESEARCH MODEL

Consumer satisfaction has an influence on the repurchase interest through brand preference (Hellier, et al., 2003). High consumer satisfaction will increase consumer preference of the brand, then if consumer preference of the brand has been achieved, consumers tend to buy the product again, and if the customer is satisfied on a product, they will repurchase. Therefore, the conceptual model or framework of this research can be described as follows:

Framework of Thinking
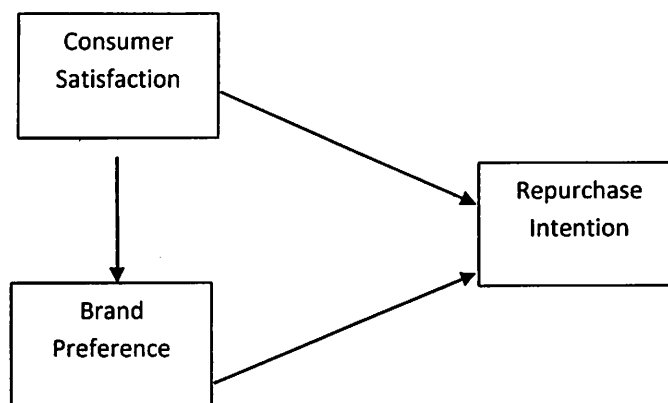
Source : Hellier, et.al. (2003) modified by researcher

4. DATA ANALYSIS

Calculation of Path Analysis

Path analysis is an extension of multiple linear regression analyzes which can be used to estimate the causal relationship between variables. Path analysis is calculated using multiple linear regression analysis and the results will be used in the path analysis. Hypothesis testing is conducted to determine the influence of Smartfren's consumer satisfaction towards repurchase interest with brand preference as liaison variable in West Java.

a. **Correlation analysis**

Before performing path analysis, it should be known in advance the pattern of relationships between dependent and independent variables. Based on the test results obtained by Pearson correlation between variables, the correlation values are as follows:

1) Correlation between consumer satisfaction (X) and brand preference (Y): 0474.
This means that the correlation between these two variables is quite strong. Both variables are significant with significant numbers of 0000, where 0.000 <0.05, which means there is a significant relationship between the two variables.

2) Correlation between consumer satisfaction (X) and repurchase intention (Z): 0568.

This means that the correlation between these two variables is strong. Both variables are significant with significant numbers of 0000, where 0.000 <0.05, which means the relationship between the two variables is significant.

3) Correlation between brand preference (Y) and repurchase intention (Z): 0436.

This means that the correlation between these two variables is quite strong. Both variables are significant with significant numbers of 0000, where 0.000 <0.05, which means there is a significant relationship between the two variables.

b. Regression Analysis

Regression analysis was performed to see the effect between variables, both partially and simultaneously. This analysis consists of two steps, the analysis for the first substructure and analysis for the second substructure. The calculations which performed using SPSS can be seen as follows:

- First substructure analysis: $Y = 0,474X + \varepsilon 1$

  The effect of consumer satisfaction on brand preference simultaneously can be seen from the following research hypbthesis:

  $H_0: \rho_{YX} \neq 0$

  $H_1: \rho_{YX} = 0$

  Based on the calculation from the ANOVA table, the figure of significance is 0.00 <0.05, then H0 is rejected and H1 is accepted. This means that consumer satisfaction variables simultaneously affect the brand preference significantly. Here is the partial hypothesis:

  $H_{01} : \rho_{YX} \neq 0$; means: consumer satisfaction does not affect the brand preference of Smartfren's data packets users in West Java significantly.

  $H11: \rho_{YX_1} = 0$; means: consumer satisfaction affect the brand preference of Smartfren's data packets users in West Java significantly.

  Based on the coefficient table, the path coefficient obtained as follows:

  $$\rho_{YX} = 0.474$$

- Second substructure analysis: : $Z = 0,466X + 0,215 Y + \varepsilon_2$

1. The effect of consumer satisfaction and brand preference simultaneously to repurchase intention.

   The effect of consumer satisfaction and brand preference simultaneously can be seen from the following research hypothesis:

   $H_0: \rho_{ZY} = \rho_{ZX} \neq 0$

   $H_1: \rho_{ZY} = \rho_{ZX} = 0$

   Based on the calculation of the ANOVA table, the point of significance is 0.00 <0.05, then H_0 is rejected and H_1 is accepted. This means that the consumer satisfaction and brand preference simultaneously affect repurchase intention significantly.

2. The effect of consumer satisfaction and brand preference partially to repurchase interest.

   After the simultaneous testing procedures of H0 is rejected, then individual test should be performed to see the significance effect of consumer satisfaction (X) and brand preference (Y) partially on the dependent variable (Z). The hypothesis is consumer satisfaction and brand preference affect repurchase internet of Smartfren's data packets user in West Java partially.

   Furthermore, the hypothesis is formulated as follows:

If the test result is displayed in the image of path analysis, then the result is the following:

Path Analysis Diagram
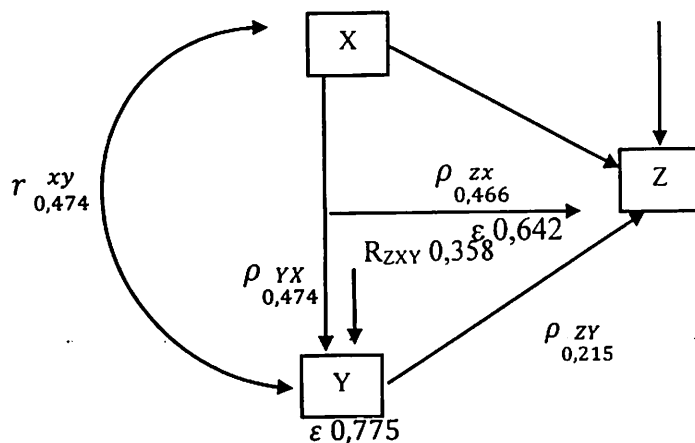
Based on the above image of path analysis, structural equation for the model are:

Substructure 1: $Y = 0{,}474X + \varepsilon 1$

Substructure 2: $Z = 0{,}466X + 0{,}215 Y + \varepsilon 2$

Explanation:

X: Consumer Satisfaction Variable

Y: Brand Preferences Variable

$\varepsilon 1$: residual Variable of substructure 1

$\varepsilon 2$: residual Variable of substructure 2

6. CONCLUSION

The results of the research are as follows:

1. Smartfren's user in West Java experienced a good level of satisfaction towards Smartfren's data packets and are satisfied with it.

2. Smartfren's data packets user in West Java requires the services rendered by Smartfren after comparing the services provided by other companies with a series of considerations.

3. Smartfren's user in West Java decided to buy another service of Smartfren's data packets, taking into account its current situation and circumstances.

4. There is a positive and significant influence between consumer satisfaction on brand preference. The higher the consumer satisfaction with Smartfren's data packet the higher the brand preferences of consumers towards the Smartfren's data packets.

5. There is a positive and significant effect of brand preference on repurchase intention of Smartfren's data packets in West Java. The higher the brand preference of Smartfren's data packet the higher the consumers' repurchase intention.

6. There is a positive and significant effect of consumer satisfaction to repurchase Smartfren's data packets user in West Java. Higher consumer satisfaction means higher repurchase intention.

7. Based on the results of path analysis it can be concluded as follows:

a) There is a positive and significant influence between consumer satisfaction and brand preference on repurchase intention. The higher the consumer satisfaction and brand preference of Smartfren's data packet the higher the consumers' repurchase intention.

b) There is a positive and significant influence between consumer satisfaction on repurchase intention through brand preference. The higher consumer satisfaction means a higher brand preference and a higher brand preference means a higher consumers' repurchase intention.

Suggestions for the Company
Based on the results, the company needs to pay attention to the following matters:
1. Smartfren should increase attention to consumer satisfaction in order to improve consumer repurchase intention. The author suggested Smartfren to improve the speed of data packets with wider and prevalent coverage area by increasing the number of BTS (Base Transceiver Station) in order to strengthen the network in West Java because according to consumer data rates differ on specific areas. When consumer feel get a high speed data packet, then the consumer will be satisfied and will reuse the service.
2. Smartfren is expected to give more focus on consumer satisfaction than brand preference in order to increase consumer repurchase intention.

Suggestions for Further Research
Further research should examine other factors that influence the repurchase intention of Smartfren's data packets user other than consumer satisfaction and brand preference because of the influence of variables that are not observed in this study is quite large to maximize the influence of the factors that influence the repurchase intention of Smartfren's data packets user.

According to research conducted by Hellier, et al. (2003), repurchase intention is influenced by seven factors: service quality, equity, value, consumer satisfaction, past loyalty, expected switching costs and brand preference. Therefore, future research should add factors beyond the consumer satisfaction and brand preference.

The research was carried out only in the area of West Java. Other research should be conducted in the wider coverage area.

7. REFERENCES

Ardhanari, Margaretha. (2008). Jurnal Riset Ekonomi dan Bisnis. *Customer Satisfaction Pengaruhnya Terhadap Brand Preference dan Repurchase Intention Private Brand*. 8(2). 61-62.

Asosiasi Penyelenggara Jasa Internet Indonesia. *Statistik: IndonesiaInternet Users*. [Online]. http://www.apjii.or.id/v2/read/page/halaman-data/9/statistik.html. [15 Februari 2014]

Ayu, Yohana Sylvi Putri. (2009). *Pengaruh Perceived quality, Perceived Value, Brand preference, Consumer Satisfaction, dan Consumer loyaltyPada Repurchase intention*. Skripsi pada FE Universitas Sebelas Maret Surakarta: Tidak diterbitkan.

Geng. (2013). *Andalkan Layanan Data, Smartfren Telecom Proyeksikan Program Bundling Handset Hingga 2 Juta Unit*. [Online]. http://financeroll.co.id/news/andalkan-layanan-data-smartfren-proyeksikan-program-bundling-handset-hingga-2-juta-unit/. [6 Maret 2014]

Hellier, Philip K., et al. (2003). European Jurnal Marketing. *Customer Repurchase Intention, A General Structural Equation Model*, 37(11/12), 1762-1800.

Hossain, Pavel Md. (2006). *A Relational Study on Perceived Value, Brand Preference, Customer Satisfaction, And Repurchase Intention in Context of Akij Textile Mills Ltd in Bangladesh.* 15.

Intana, Lila. (2013). *Perkuat Jaringan di Jabar, Smartfren Tambah 250 BTS.* [Online]. http://swa.co.id/technology/perkuat-jaringan-di-jabar-smartfren-tambah-250-bts. [10 Maret 2014]

Mahardy, Denny. (2013). *Jelang Akhir Tahun, Smartfren `Bersih-Bersih` Pelanggan.* [Online]. http://tekno.liputan6.com/read/776945/jelang-akhir-tahun-smartfren-bersih-bersih-pelanggan. [26 Februari 2014]

Smartfren. (2013). *Profil Perusahaan Smartfren Sekilas.* [Online]. http://www.smartfren.com/ina/overview/ [15 Februari 2014]

Spais, George S. & Vasileiou, Kostantinos. (2006). *Path Modeling The Antecedent Factors To Consumer Repurchase Intentions For Advanced Technological Food Products:Some Correlations Between Selected Factor Variables.* 2(2). 45-60.