

# The Influence of Customer Satisfaction on Trust, Word of Mouth, and Repurchase Intention: Case for Consumer of Souvenir Stores in Yogyakarta

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**Keywords:** Customer Satisfaction, Repurchase Intention, Trust, Word of Mouth, and Souvenir Store.

**Abstract:** The problems in this research are 1) whether consumer satisfaction has an effect on consumer's trust, 2) whether consumer's satisfaction influences by word of mouth, and 3) whether consumer satisfaction has an effect on repurchase intention. This research examines the influence of customer satisfaction on repurchase intention, trust, and word of mouth on customers of souvenir store in Yogyakarta. Selection of the sample in this study is done by using purposive sampling with one criterion: they have shopped in souvenir stores in Yogyakarta. Data were collected by using questionnaires, and 200 souvenir store customers participated in this study. The data were analyzed by using Structural Equation Modeling (SEM) with Amos computer program. The results show that customer satisfaction has a positive influence on repurchase intention, trust, and word of mouth.

## 1 INTRODUCTION

Yogyakarta is a tourism destination. Tourists visiting Yogyakarta are interested in buying traditional foods of Yogyakarta. Tourists visiting Yogyakarta continue to grow and develop. Tourism development in Yogyakarta affects the economy of the people of Yogyakarta. Various businesses in Yogyakarta develop along with the increasing number of tourists coming to Yogyakarta. Businesses in hospitality, culinary, souvenir shops and entertainment venues continue to grow. Not only do the number of food shops increase, but souvenir store or shops also increase in number. The stores offer a variety of products with good quality. Increasingly competitive business competition makes companies require good marketing strategy.

Consumer satisfaction is related to what is given by the company that is service and product quality. The ability of companies to serve consumers is one of the success factors of a business. When things are expected by consumers to be fulfilled by the company, consumers will feel satisfied and share their good experiences with others. Continuous consumer satisfaction is the company's goal to keep the company going (Hadiati and Ruci, 1999). Especially in an increasingly competitive market

environment, businesses compete with each other, and companies are driven to satisfy consumers. Consumer satisfaction has influence on: 1) consumer trust, 2) word of mouth, 3) repurchase intention. These three things are very important for companies in marketing their products to sustain the company's success in achieving its goals. Because these three things are very important in conducting marketing strategy, empirical research on the effect of customer satisfaction on these three things is very necessary.

With the trust of consumers that the products purchased are satisfactory, the services provided should also be in line with consumer expectations. Trust from consumers can build good image, brand, symbol, product, and company name. There are many advantages to the company when consumers feel very satisfied. This can reduce consumer turnover, reduce marketing costs, increase customer loyalty, and improve corporate reputation. With the existence of customer satisfaction, companies can still exist and retain consumers. Knowledge of consumer characters can help marketers influence consumers to stick to their products (Aryani and Rosinta, 2010).

Currently, word of mouth can be one good way of marketing. People are usually more confident

with what others are saying than ads that appear in various media. Although word of mouth is considered a traditional strategy, it is a powerful way to convince consumers. In marketing, the product on the store, the sold product can provide satisfaction for consumers as they will believe in the manufacturer and shop that sell it. Consumers will express satisfaction to their friends and colleagues. Thus, consumer satisfaction encourages the creation of positive word of mouth. Word of mouth is composed of at least two consumers, they communicate about brands, products, or services (Sallam, 2014). Word of mouth (WOM) can encourage people to do or buy anything that has been done or purchased by someone else. It includes everything that consumers tell others about satisfaction or dissatisfaction, how the characteristics of the goods or services are used, even how the company treats its customers. WOM communications affecting consumer decisions are well documented (Brown et al., 2007). When a consumer conveys WOM, both positive and negative aspects will often affect other consumer purchasing decisions. The positive WOM of the consumer can provide benefits to the producers, and vice versa. WOM is strongly influenced by consumer satisfaction. Therefore, companies that sell goods or services can take advantage of them. Companies should continue to develop the quality of goods or services so that what is conveyed by consumers can be a positive message.

With consumer satisfaction, consumers are willing to visit the souvenir shop again and again which was visited previously. One of the most effective ways to increase repeat purchase intention is to provide services that meet customer expectations (Kim, Kim, and Kim, 2009). The purchase decision is an expression of satisfaction and dissatisfaction of consumers (Kitapci et al., 2014). Customer satisfaction can encourage repurchase intentions and consumers will return to buy more products. It is important for companies to improve the quality of service so that consumers are satisfied and retained. When an existing customer is satisfied with the services provided, consumer loyalty will rise, so the intention to repurchase will increase.

Based on the background of the problems described above, the formulation of problems in this research are 1) whether consumer satisfaction has an effect on consumer's trust, 2) whether consumer satisfaction influences word of mouth, and 3) whether consumer satisfaction has an effect on repurchase intention. The purpose of this study is to

examine the above three problems. This research is expected to provide the following benefits: First, this research is expected to increase knowledge and add insight into thinking in the field of management and marketing. Second, this research can add thoughts and information to companies that want to build customer satisfaction and increase trust, word of mouth, and repurchase intention. Third, this research is expected to increase knowledge and add insight into thinking in the field of management science and marketing. Fourth, this research can be used as a reference in marketing research, especially in the field of service quality, product quality, consumer satisfaction, trust, and word of mouth, especially related to goods or services that contain local wisdom.

## 2 LITERATURE REVIEW AND HYPOTHESES

The hypothesis to be developed in this study is based on the following results of literature review. Consumer satisfaction is the priority for the growth of any organization. Satisfaction arises from perceptions and expectations (Sabir et al., 2014). Customer satisfaction will be fulfilled when what is given by the company in accordance with what is perceived by the consumer (Sriwidodo and Indriastuti, 2010). Continuous customer satisfaction is the goal of the company, so the company can survive (Hadiati and Ruci, 1999).

Putro et al., (2014) defines customer satisfaction as feelings or emotional assessment of consumers against the use of products and services in which the expectations of customers are met. Consumer satisfaction is the main source of income and a major key to winning market (Xia et al., 2009). All business and marketing activities are certainly aiming at customer satisfaction (Saeed et al., 2011).

Trust is the belief of a party that the other party can meet their needs (Mosavi and Ghaedi, 2012). With the confidence of the consumer, the consumer has reached satisfaction at the highest level (Habib and Aslam, 2014). Moreover, trust can also be interpreted as loyalty or commitment of consumers to the companies or products (Majid et al., 2013). Rofiq (2007) states that consumer confidence is the foundation of business.

Word of mouth (WOM) is a type of informal communication that consists of at least two customers as they communicate about brands, products, or services (Sallam, 2014). It is inevitable

that WOM is currently the main source of information before consumers make purchasing decisions (Lee and Cranage, 2014). WOM can be an opportunity for the company. As such, the relationship between companies and consumers should be maintained (Gremier et al., 2001).

Lang and Hyde (2013) stated that WOM is a concept that is able to attract attention. Putri and Suhariadi (2013) mentioned that word of mouth is an informal communication between people who are not parts of the company and the recipient of information about a brand, product, organization, or services that have been felt. Dodds et al., (1991) stated that when someone wants to buy something, he/she is influenced by considerations and specific impulse.

Repurchase intention is defined as the behavior of consumers who buy the product over and over again, without including the feeling in it (Wibowo et al., 2013). Hellier et al., (2003) defined repurchase intention as a consumer's decision to re-buy the products in the same company. One of the most effective ways to increase consumer repeat purchase intention is to provide services that meet customer expectations (Kim et al., 2009). If consumers are loyal, those consumers will make repeat purchases. The purchase decision is one expression of satisfaction and dissatisfaction of consumers (Kitapci et al., 2014).

Consumers who are satisfied with a product or company will be loyal and can increase consumer confidence in the product (Majid et al., 2013). With the confidence, the consumer has reached satisfaction at the highest level (Habib and Aslam, 2014). The more satisfied the consumers are with what is given by the company, the more confidence the consumers will have towards the company.

H1: Consumer satisfaction has positive influence on trust.

Word of mouth is the main source of information before consumers make purchasing decisions (Lee and Cranage, 2014). Consumer satisfaction can provide many benefits for the company, and satisfied customers will spread the positive story (word of mouth) and can be a mobile advertisement for the company.

H2: Consumer satisfaction has positive influence on word of mouth.

Putro et al., (2014) states that when consumers feel satisfied, the consumer loyalty will appear, so consumers will make repeat purchases in the future. When consumers are satisfied, and then they want to

buy the same goods, the consumer will come back to the store he/she had previously visited.

H3: Consumer satisfaction positively impact repurchase intention.

These three hypotheses can be presented in a research model as in Figure 1.

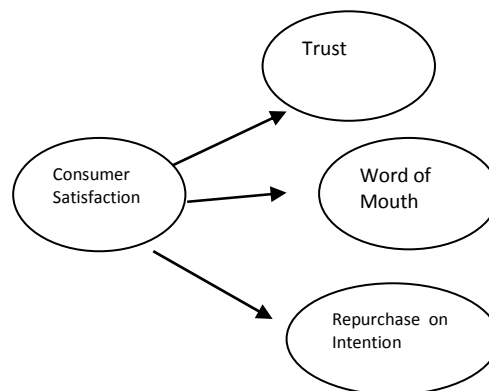


Figure 1: The Research Model.

### 3 RESEARCH METHODS

#### 3.1 Source of Data and Sample Selection

The data used in this study are primary data. The sampling method is done by using purposive sampling method. This method involves selecting samples with a specific criteria. The criterion used in the study includes respondents who have shopped at a souvenir shop in Yogyakarta.

#### 3.2 Data Analysis Method

The validity test is the first test in this study. Validity testing is performed by using SPSS 22. The question of validity of items is done by using factor analysis. The item of questionnaire will be valid if it reaches the loading factor of more than 0.5. The second test is the test of reliability. Cronbach's alpha score that is commonly used is larger than 0.5. The greater the Cronbach's alpha score the better the research instruments are. The third testing is hypotheses testing using Structural Equation Modeling (SEM) with Analysis Moment Structure (AMOS).

### **3.3 Operational Definition of Research Variables**

#### **3.3.1 Consumer Satisfaction**

Consumer satisfaction is related to the fulfillment of consumer wants and needs. Consumer satisfaction will occur if the expectation of the consumer is in line with what is obtained. For example, satisfaction of the services provided. A favorable shopping experience makes consumers feel satisfied. The satisfaction refers to the satisfaction of the product purchased in the shop visited. An example of an indicator is that I feel content to shop at the stores that I visit. Question items are measured using a five-point scale of Likert, i.e. five points ranging from one or strongly disagree (STS) to five or strongly agree (SS).

#### **3.3.2 Trust**

Trust is one's belief in the fact that another party can satisfy his/her needs (Mosavi dan Ghaedi, 2012). For example, the product sold is not expired or the goods have high quality as expected. An example question is to ask whether the products sold by the gift shop are not expired. Question items are measured using a five-point scale of Likert, i.e., five ranging from one or strongly disagree (STS) to five or strongly agree (SS).

#### **3.3.3 Word of Mouth**

The word of mouth is an informal communication between non-partisan and the recipient of information about a brand, product, organization, or service that has been felt. Examples are as follows. Consumers recommend souvenir shops that they have visited to others. Consumers tell others positive things about the souvenir shops they visit. Consumers tell the positive qualities of the gift shop employee who was visited to others. An example of the indicator is I will recommend a gift shop that I visit to others. Question items are measured using a five-point scale of Likert, i.e. five points ranging from one or strongly disagree (STS) to five or strongly agree (SS).

#### **3.3.4 Repurchase Intention**

Repurchase intention is defined as the behavior of consumers who buy the product repeatedly, without including feelings in it (Wibowo et al., 2013). For example, consumers will consider a souvenir shop that is visited as a first choice when compared to

others. Consumers have the intention to buy more products at the souvenir stores they visit. Consumers have the desire to visit again. Consumers decide to shop again at the same place. An example of the indicator is that I have the intention to buy more products at the gift shop I visit. Question items are measured using a five-point Likert scale, i.e., from five ranging from one or strongly disagree (STS) to five or strongly agree (SS).

## **4 RESEARCH RESULT**

### **4.1 Data Analysis**

Data were obtained based on questionnaires distributed to respondents. Respondents were asked to fill out a statement of questionnaires about certain criteria that fit the characteristics of the variable. The variables are consumer satisfaction, trust, word of mouth, and repurchase intention. Data collection is conducted for a week starting from July 24, 2016 until July 31, 2016. Participating respondents are visitors of gift shop in Yogyakarta, visitors of Borobudur Temple who had been shopping at a gift shop in Yogyakarta, and STIE YKPN students who shopped at a gift shop in Yogyakarta.

### **4.2 Validity and Reliability Test**

The results of testing the validity and reliability of the research instruments show good results as expected.

### **4.3 Fit Model Test**

The result of model testing is done by seeing whether in general the model has a good fit, so hypothesis testing can be done with existing model. Absolute fit measures: measuring the overall model fit level by looking at the value of chi-square statistics, GFI and RMR. The score of GFI (goodness of fit index) is 0.847. It is good enough because it is near 0.9. It shows that there is a match between the model and the data. The score of RMR (root mean square) is 0.024. It meets the criterion.

### **4.4 Hypotheses Test Results**

The results of testing the hypotheses above are briefly presented in Table 1.



Table 1: Hypotheses Test Results.

Hypotheses	Standardized Regression Weights	Probability	Status
H1: Consumer satisfaction has positive influence on trust.	0.793	P<0.1	Hyphotesis is supported
H2: Consumer satisfaction has positive influence on word of mouth.	0.679	P<0.,	Hyphotesis is supported
H3: Consumer satisfaction positively to repurchase intention.	0.395	P<0.1	Hyphotesis is supported

## 5 DISCUSSION

### 5.1 The Influence of Customer Satisfaction on Trust

Consumer satisfaction affects consumer confidence. There is evidence in this study that showed customer satisfaction significantly influences consumer satisfaction ( $\beta = 0.793$ ;  $p < 0.1$ ). This is supported by the study conducted by Kim et al., (2009) which showed that customer satisfaction has a positive influence on trust. The higher the perceived satisfaction, the more confident consumers will be with souvenir shops.

### 5.2 The Influence of Customer Satisfaction on Word of Mouth

Consumer satisfaction influences word of mouth. There is evidence in this study that shows customer satisfaction significantly influences word of mouth ( $\beta = 0.679$ ;  $p < 0.1$ ). It is supported by research conducted by Hamza (2013) which showed that customer satisfaction has positive influence on word of mouth. Consumer satisfaction can encourage consumers to tell others about their satisfaction, and it creates word of mouth. Pleasant experience when shopping creates customer satisfaction, so customer satisfaction encourages word of mouth.

### 5.3 The Influence of Customer Satisfaction on Repurchase Intention

Consumer satisfaction affects repurchase intention. There is evidence in a recent study suggesting that customer satisfaction has a significant effect on repurchase intention ( $\beta = 0.395$ ;  $p < 0.1$ ). This is supported by research conducted by Kitapci, Akdogan, and Dortyol (2014) which shows that customer satisfaction has positive influence on repurchase intention. Consumer satisfaction can encourage consumers to come and shop again in a place that has been visited. The more a consumer is satisfied, the more the consumer would feel like to shop in the same souvenir shop.

## 6 CONCLUSION

This study contributes to the literature on the relationship of the consumer satisfaction with the relationship of trust, word of mouth, and repurchase intention at a store or company that sells local products. Based on the results of the hypotheses testing, it is known that customer satisfaction can affect consumer confidence, word of mouth, and repurchase intention. Consumer satisfaction can drive consumer confidence to shop for souvenirs. Customer satisfaction will encourage consumers to express its satisfaction to others. Moreover, it can encourage consumers to come or go shopping again in the same souvenir shop. The result of this conclusion is also useful for the practitioner group, the owner of a souvenir shop businesses, in understanding the influence of customer satisfaction on repurchase intention, trust, and word of mouth.

The next business strategy of owners of souvenir shops is to create an atmosphere that is more convenient. When the consumer satisfaction is created, it would be beneficial for the owner of a souvenir shop. Consumers also express his satisfaction to others and would encourage others to shop at a souvenir shop that they visited. Additionally, when consumers want to purchase souvenirs, if the consumers were satisfied they will shop at previously visited shops.

This study has some limitations that may affect the results of the overall research. Some of these limitations are the following. The first, this study investigates souvenir shops in Yogyakarta. So in the future, studies should examine other businesses rather than a souvenir shop e.g. restaurants,

department stores, or hypermarkets. The second, this study should have limited the last visit e.g. maximum 3 months, so the consumers will remember the condition of the store better.

Suggestions for further research are as follows. Based on the findings obtained in this study, there are several things that must be improved for the next researcher. The first, the next research needs to investigate businesses other than gift shops. The next research needs to do research on restaurants, department stores, or hypermarkets. The second, the next study should consider the limits of the last visit, so that consumers still remember the state of the souvenir shop or store visited.

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