

THE EFFECT OF WEBSITE, PRICE, SERVICE QUALITY, AND CUSTOMER SATISFACTION AS INTERVENING VARIABLES ON PURCHASING DECISION AT CV. ANTASITA DIVISION

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Abstract

This study aims to determine the effect of websites, price, and service quality and customer satisfaction as intervening variables on purchasing decisions at CV. Antasita Division. In this study, the population is all consumers from CV. Antasita Division. The sampling was carried out with saturated samples, with a total population of 35 companies. The questionnaire in this study was used as a data retrieval technique. There are 17 statements in the questionnaire, presented using the Likert scale. The time of research was set from March to April 2019. This study uses Smart PLS 2.0 M3 software to conduct Partial Least Square (PLS) analysis and analyze model and structural measurements. The results of the path analysis indicate that website, price and service quality have a significant and positive effect on customer satisfaction. Consumer satisfaction has a significant effect on purchasing decision. Whereas website, price and service quality have no significant effect on purchasing decision. From the results of this study the company is currently very influential on customer satisfaction with purchasing decisions at CV. Antasita Division.

KEYWORDS: website, price, service quality, customer satisfaction, purchasing decision

INTRODUCTION

The development of infrastructure in Indonesia right now is significantly growing, evidently by the increasing number of construction and restructuring in the infrastructure sector. This can be observed from the amount of increased budget that is allocated by the government in the effort to reconstruct the infrastructure recorder from 2009 to 2018, from 76.3 trillion rupiah to 409 trillion rupiah (www.liputan6.com). Specifically for East Java, it was recorded that construction sector ranked second in the economic growth aspect after accommodation and food and beverage sector in year 2018, as seen in the graph below.

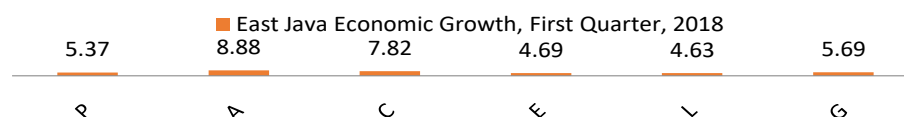


Figure.1 East Java Economic Growth, First Quarter, 2018

Source: Liputan 6.com, 2018

In accordance with this condition it will directly increase the number of company in the construction sector along with the increase in level of competition among those companies as to become customers' choice. One of the companies in the construction industry is CV. Antasita Division that in its development faced problem in the form of decrease in number of customer, and therefore management decided to change its management system as to be able to compete with similar companies. Theory stated that the main key to winning the competition is by giving satisfaction to customers through giving good service quality, quality information and competitive prices.

Entrepreneurs need to strategize on various fields that focus on how to serve and maintain customers by focusing on strategies that are attractive for customers. This is in accordance with the theory on marketing strategy in the form of advertisement has to be interesting and unique so that it would be able to attract customers (Kotler and Keller, 2013 in Widiyanto *et al.*, 2015; Jahanshasiet *al.*, 2011 in Santos, 2016).

In line with this condition, it will directly increase the number of companies in the construction sector as well as increased competition between those companies to become the consumers' choice. One of the many companies in this field is CV. Antasita Division that in its development is facing a decline in the number of consumers, forcing the management to change its management system to compete with other companies. The theory explained that the key to winning the competition is by fulfilling consumer satisfaction by delivering quality information and competitive pricing. The business men have to implement strategies on multiple fields that focus on serving and retain consumer, mainly on strategies that draws consumers.

This is parallel with a theory where marketing strategy in the form of advertisement has to be attractive and unique, thus, able to draw consumers (Kotler & Keller, 2013, as cited in Widiyanto *et al.*, 2015). The factors in product and service marketing including quality of website (Widiyanto, *et al.*, 2015; Gagguly *et al.*, 2010; Nguyen *et al.*, 2018; Kurniawan *et al.*, 2018; Nilashi *et al.*, 2016, pricing (Bernadette, 2013; Hidayat, 2015; Santos, 2016; Palma & Anjarwati, 2016; Setiowaty & Winarsih, 2017; Yunita *et al.*, 2017; Gensler *et al.*, 2017), as well as quality of service (Kawon *et al.*, 2016; Kuo *et al.*, 2016; Santoso, 2016; Yunita *et al.*, 2017; Firdausy *et al.*, 2017; Nguyen *et al.*, 2018) are known to affect the satisfaction and determines purchasing behaviour of consumers.

LITERATURE REVIEW

The quality of website is one of the important factors in online sales as it can add value and discover what customers need and what will satisfy them. Sarwono and Prihartono (2012) in Widiyanto and Prasilowati (2015) stated that information access and publication would be easier by using social media and website tools. Furthermore, through social media it would be easier for people to make social interaction with others based on their own needs. To support that, according to Barnes & Virgin (2002) in Kurniawan *et al.*, (2018), it was explained that social media tools, one of which is website, need to fulfill indicators such as usability, information quality and service interaction so that the website would be interesting and of quality. With the use of attractive website design it is expected to encourage customer to access the account and

would result in satisfaction and strengthen purchase decision. Based on the explanations above, the hypotheses are arranged as follows:

H₁: Website affects consumer satisfaction

H₅: Website affects purchasing decision of consumers

Price was also mentioned as one key that can improve customer satisfaction (Palma and Anjarwati, 2016). Aside from that, price can also impact customer's consideration when deciding on a purchase (Santoso, 2016). Cheap price can drive satisfaction and purchase decision, as it will give benefit to customer through its high value for money. However, for some customers quality is a main factor of consideration and therefore price factor is deemed not too sensitive to be fulfilled. From this, price is a factor that is viewed as relative depending on the quality received by customer. Based on these explanations, therefore the hypotheses can be arranged as follows:

H₂: Price affects consumer satisfaction

H₆: Price affects purchasing decision of consumers

Service quality factor is interpreted as customer's evaluation on the service performance provided by the company and plays a strategic role in increasing customer satisfaction. Good service quality will give satisfaction to the customers. This is because what customer expected has been satisfactory fulfilled by the company (Santos, 2016 ; Nguyen *et al.*, 2018).

Providing service is an important element that relates to satisfaction. When the service given is better than satisfaction will increase (Phuong et al., 2018). In relation to that condition, therefore service will relate with consumers' behavior one of which is in terms of making decision to purchase a product or service. The theory delivered by Kotler and Keller (2009:5) in Setiowaty (2017) even mentioned that service is one activity that happened in direct interaction between producer and consumers and can fulfill customers' satisfaction and can also encourage willingness to purchase.

H₃: Price affects customer satisfaction

H₄: Consumer satisfaction affects purchasing decision of consumers

H₇: Price affects purchasing decision of consumers

Analysis Model

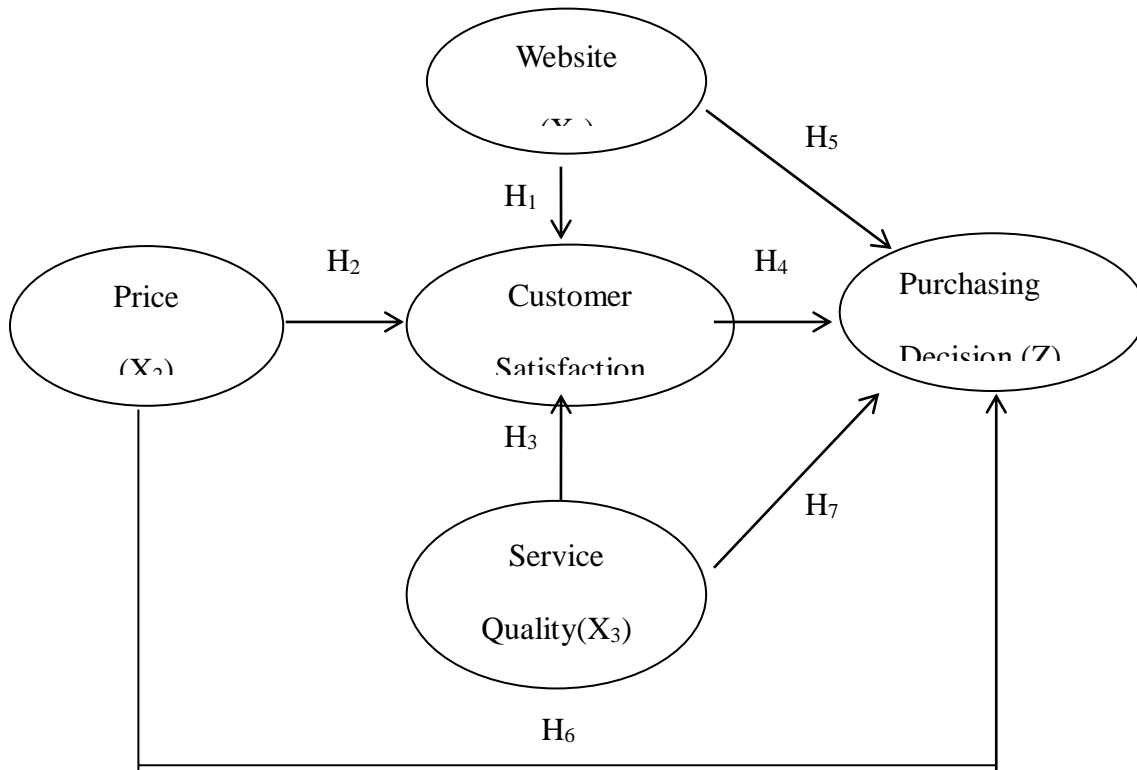


Figure.2 Proposed conceptual model

RESEARCH METHODS

Population & Sampling: This study was conducted with quantitative methods with the sampling method of census sampling, which is consumers from CV. Antasita Division. The sample consists of 35 companies that were asked to complete an online questionnaire that assess all question items of the research variables. The measurement of research variables is organized starting from items related to theories of existing journals. The website variable (X₁) is placed above the usability, information quality and service interaction indicators (Kurniawan et al., 2018). The price variable (X₂) is measured through the compatibility of quality, affordable price, price benefits and competitive price (Palma & Anjarwati, 2016). The customer service variable (X₃) is measured with the dimension of tangibles, reliability, responsiveness, assurance, and empathy (Setiowati, 2017). Meanwhile, the variable of consumer satisfaction (Z) uses the indicator of hope, interest to visit, happiness and satisfaction, recommendation (Santos, 2016), and purchasing decision (Y) through the stability, habit, recommendation, and repeating purchase (Setiowati, 2017).

Method: The research variables that were measured by a questionnaire was tested for data validity and reliability. Meanwhile, the data analysis technique in hypothesis testing uses partial least square method using the outer model and inner model evaluation from Smart PLS 3 software.

RESULT AND DISCUSSION

The research data that satisfies the research criteria well, be it good quality through validity and reliability tests will then be analysed for its causality relationship in the structural model with partial least square method, as follows:

a. Outer Model Evaluation

Outer model evaluation in partial least square analysis was conducted to test the validity and construct validity that is required in the structural research model. The validity test that will be conducted consists of reliability indicator, discriminant validity, internal consistency, and convergent validity. Meanwhile, to test the construct reliability, Cronbach alpha and composite reliability is used. The evaluation of outer model result indicates outer loading value of > 0.7 with $t > 1.96$. Furthermore, mean value of > 0.5 , composite reliability > 0.7 , as well as Cronbach alpha > 0.6 , showed that outer model evaluation has been fulfilled. All of the results from the outer model evaluation test has fulfilled as indicated in Tabel 1, as follows:

Table1. The Results of the Outer Evaluation Model

Variables and Item	Outer Loading	<i>t</i>	Mean	Composite Reliability	Cronbach Alpha
Website →X1.1	0.855	21.639			
Website →X1.2	0.852	18.267	0.742	0.896	0.826
Website →X1.3	0.846	28.638			
Price→X2.1	0.861	25.164			
Price→X2.2	0.857	12.249	0.762	0.928	0.896
Price→X2.3	0.888	18.679			
Price→X2.4	0.885	23.521			
Service Quality→X3.1	0.816	12.850			
Service Quality→X3.2	0.883	10.184	0.716	0.926	0.901
Service Quality→X3.3	0.871	20.568			
Service Quality→X3.4	0.841	6.764			

Service Quality→X3.5	0.818	20.299			
Consumer Satisfaction→Y1	0.844	15.936			
Consumer Satisfaction→Y2	0.775	12.565	0.711	0.908	0.864
Consumer Satisfaction→Y3	0.903	20.111			
Consumer Satisfaction →Y4	0.847	34.593			
Purchasing Decision→Z1	0.840	6.310			
Purchasing Decision →Z2	0.893	21.639	0.722	0.912	0.871
Purchasing Decision →Z3	0.916	18.267			
Purchasing Decision →Z4	0.739	28.638			

Other outer model evaluation, which was discriminant validity with fornell-larcker test in Table 2 indicates the highest correlation value as 0.841, and on the other hand the smallest square root of AVE value obtained from the 5 variables studied is 0.843, and thus the correlation value between variables in the structural model is confirmed to not exceed the square root of AVE, and therefore it can be confirmed that the fornell-larcker discriminant validity test of the structural model is fulfilled.

Table2.Discriminant Validity Evaluation

	AVE	Square Root of AVE	Price	Customer Satisfaction	Purchase Decision	Service Quality	Website
Price	0.762	0.873	1.000				
Customer Satisfaction	0.712	0.843	0.838	1.000			
Purchase Decision	0.722	0.850	0.663	0.775	1.000		
Service Quality	0.716	0.846	0.794	0.841	0.660	1.000	
Website	0.742	0.861	0.741	0.821	0.635	0.760	1.000

b. Inner Model Evaluation

c. The bootstrap estimation result for inner model is as shown in Figure 3 below:

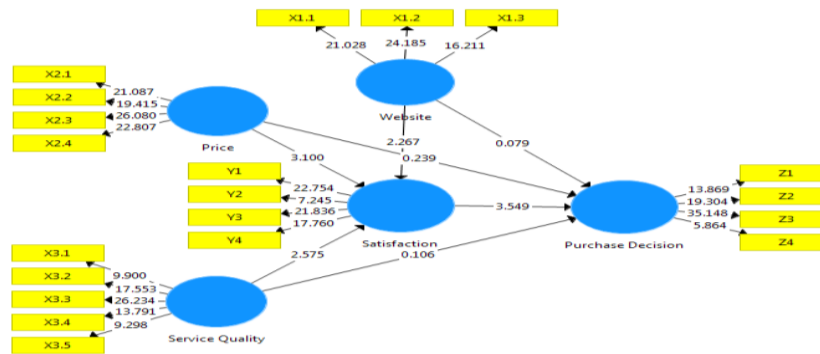


Figure 3. The Inner Model with Bootstrapping

Based on the inner model estimation result it was found that f^2 coefficient for variables that influence purchase decision ranges from 0.001 to 0.237 and is considered in the small category, and the f^2 values for variables that influence customer satisfaction ranges from 0.185 to 0.214 and is therefore categorized as medium. Other evaluations for R^2 and Q^2 on the customer satisfaction and purchase decision variables yielded results that are considered as good, which shows that the structural model devised could give satisfactory prediction or predictive relevance. The result of inner model evaluation is shown in the following Table 3:

Table 3. The Inner Model Evaluation

Pathway	f^2	R^2	Q^2
Price → Consumer Satisfaction	0.213		
Quality of Service → Consumer Satisfaction	0.185	0.823	0.571
Website → Consumer Satisfaction	0.214		
Price → Purchasing Decision	0.001		
Quality of Service → Purchasing Decision	0.237		
Website → Purchasing Decision	0.003	0.601	0.334
Consumer Satisfaction → Purchasing Decision	0.002		

Meanwhile, the inner weights value generated on the PLS bootstrapping estimation analysis indicated the significant impact of a variable on the other variables that is used in the hypothesis testing. This is shown in the following Table 4:

Table 4.The Results of the Hypothesis Testing

Pathway	Direct	t-statistics	Indirect Effect	t-statistics
Website→Consumer Satisfaction	0.3195	2.267		
Price→Consumer Satisfaction	0.3402	3.100		
Quality of Service→Consumer Satisfaction	0.3283	2.575		
Satisfaction→Purchasing Decision	0.7336	3.549		
Website→Purchasing Decision	-0.0152	0.079	0.234	1.977
Price→Purchasing Decision	0.0438	0.239	0.250	2.253
Quality of Service→Purchasing Decision	0.0199	0.106	0.240	2.002

Referring to Table 4, the influential relation between the variables are explained and it was concluded that website, price and service quality have significantly positive impact on customer satisfaction with T-Statistics 2.267 ; 3.100 ; 2.575 > 1.96 and is in accordance with studies by Nguyen, N.D.P and Tran, T.D.T (2018), Santos (2016) and Oh, Harmon and Kim, Kwan (2016).It was mentioned that customer satisfaction can be fulfilled if there's ease in transaction with the service or product provider (Nguyen, N.D.P and Tran, T.D.T, 2018).

For price variable it was stated that this factor has an impact that can strengthen satisfaction level received by customer, whereby there is a match between the price and quality and benefit gained by the customer and will give contribution in making the customer satisfied (Santoso, 2016). As for service quality variable, it was mentioned that the high and low level of service quality would determine the level of satisfaction received by customer. Through individualized attention aspect by the service or product provider to its customers, it indicates that the company has a high level of care to give its best to the customer, and therefore it will achieve satisfaction (Oh, Harmon and Kim, Kwan, 2016).

Another relationship between customer satisfactions on purchase decision was also concluded to be significant with T-Statistics 3.549 > 1.96, which is in accordance with study by Santos (2016). It was stated that the satisfaction felt by the customer has a positive impact on the decision to make a purchase be it for product or services. Customer satisfaction that is well maintained can result in customers' habit to continuously purchase similar product or service.

On the other hand, also referring to table 4, it can be concluded that customer satisfaction variable can be the mediator of the relationship between website, price and service quality on purchase decision. The size of the indirect impact of website, price and service quality on purchase decision through customer satisfaction is bigger than the direct impact. It was further explained that the satisfaction felt by the customer on the service of the product provider on

factors such as website, price and service quality can lead the customer to change its decision level to purchase a product or service. If the satisfaction felt is better on those factors, then customer's decision to purchase will be higher, and in contrary of the level of satisfaction is relatively low then it will also decrease customer's decision level to purchase.

The result of the mediating impact of satisfaction on purchase decision can be the the mediator of the impact of website, price and service quality on purchase decision and was concluded as insignificant and is not in accordance with studies by Kurniawan et al (2018), Yunita, Dian and Ali, Hapzi (2017) and Setiowaty and Winarsih (2017).

CONCLUSION

Conclusion: Based on the research results, it can be concluded that website, price and service quality variables indirectly affect purchase decision and in this case customer satisfaction and other factors that can influence it need to be the main focus to be improved in terms of its lacking aspects. Through this result, CV Antasita Division can release regulations to improve service such as website upgrade, increasing online promotion activity and continue doing review on competitors' moves in terms of price negotiation. Other improvement is to establish SOP for receiving and delivering product to customer, responsive to all customer complaints and to maintain and improve aspect that is deemed satisfactory by customer. Therefore, the relationship between CV. Antasita Division and its customers can be maintained. This can result in customer being satisfied and can impact purchase decision level.

Future Research: For future studies on discussion regarding customer satisfaction level and purchase decision, other dependent variables that were not included in this study can be added such as branding, product quality, trust, SWOT factors with benchmarking and marketing mix concept with more detailed questions or statements items. Also, for respondents characteristics can be further explored in terms of gender, position, education level, and customers' business industry that is expected to have an impact on purchase decision in the company. Future studies is expected to add number of sample and accuracy of a person's position/ level as purchase decision in a company so that the result of the study will not be biased.

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