

CHAPTER I

INTRODUCTION

1.1. Background of Study

The intense business competition is currently making business owners try to improve the reliability of their products, provide features that attract consumers' interest and improve the service quality they have. In running a business, business owners cannot be separated from quality, especially agencies engaged in services and industry. One of them is a construction business that cannot be separated from the service quality and product quality provided to customers.

Repurchase intention is an indication that customers are satisfied and confident in the company's products and services. Repurchase intention is related to what is planned by the customer which encourages his willingness to repurchase the products purchased previously (Asmarina, et.al, 2022). Repurchase intention can be used as a measure of a consumer's ability to purchase a product, because the higher the intention to repurchase, the higher the consumer's willingness to obtain a product. Therefore, repurchase intention is inseparable from product quality, service quality and perceived quality (Sagara, 2022).

One of the factors that consumers consider in making repurchase intentions is the product quality factor. Product quality is the overall component that combines the types of products from marketing, engineering (planning), manufacturing (products) and maintenance that make the products used meet customer expectations (Sagara, 2022). Product quality is the described characteristics of a

product and is used to meet customer expectations. Product quality can be used to determine the level of good or bad of a product whether the product has the ability and usability according to customer expectations (Riskita, 2022).

Product quality can be fulfilled when companies can provide products in accordance with what customers expect and even exceed customer expectations, companies that offer quality will create good relationships with customers. Good relationships that have been created eventually will make the company understand the expected needs of customers, things like this will provide positive benefits for the company. The research also mentioned that product quality has a positive and significant effect on repurchase intention (Pratama and Yulianthini, 2022). The better the quality of a product, the higher the consumer's repurchase intention. Product quality always increases along with the number of consumers requests and affects consumer satisfaction to buy these products repeatedly. The research also mentioned that product quality has a positive and significant effect on repurchase intention (Tajudinnur, et.al, 2022).

The other factor that influences repurchase intention is service quality. Service quality is the totality of features and characteristics of a product or service that depends on its ability to satisfy stated or implied need (Firmansyah and Haryanto, 2019). By providing good service quality, satisfaction, and the intention to repurchase will be achieved. Because satisfaction and intention to repurchase are evaluated after purchase after the selected alternative meets or exceeds customer expectations (Wulandari and Marlana, 2020).

Service quality is the consumer's expectations given by the company and the reality is seen as a measure of whether oneself (the consumer) feels satisfied when served at the company. So, the company must provide the best service. The correlation between service quality and customer satisfaction is undeniable, because if the company maximizes its service, consumers will feel their needs are met and it will have a positive effect on the company to progress in the long term. This research stated that service quality has influence on repurchase intention (Mudfarikah and Dwijayanti, 2021). Good service quality when accompanied by customer satisfaction and brand trust is expected to be able to increase consumer repurchase intentions, so that marketers are expected to retain their customers. This research also stated that service quality has influence on repurchase intention (Masitoh, et.al, 2018).

Consumers sometimes have other views on a product. The perception of each consumer can be influenced in deciding to purchase. That perception can be a kind of desired quality (perceived quality), which can influence repurchase decisions (Raynaldo and Madiawati, 2022). Perceived quality can be understood as a subjective consumer evaluation of a product or service. Optimum quality improvement in all business functions can occur if it is linked in a manner guided by consumer perceptions of quality and consumer needs. This is important because the goal of business is to establish long-term relationships and create loyalty based on quality, value, brand, perceived service, image, product, and convenience to create consumer satisfaction in shopping and in using these products or services (Chalil, et.al, 2020).

Every customer has expectations about what the function of the product is like. That expectation becomes a quality standard which will later be compared with functions/usages related to product quality according to the customer's experience. In the end this is what will be the basis of consumers in perceiving a product. The company can be said to deliver quality if the company's product or service meets or exceeds expectations. This research showed that perceived quality has influence on repurchase intention (Hidayah and Anjarwati, 2018). Perceived quality is a customer's perception of the overall quality and superiority of a product or service and its relationship with alternatives. Perceived quality is intangible because the overall feeling of the customer about the brand of a product is related to certain characteristics of a product, for example seen from product quality and product reliability. This research showed that perceived quality has influence on repurchase intention (Alvarez and Rubiyanti, 2021).

CV Sinar Kencana Mas is a company engaged in construction services. The data below shows the sales of 2018-2022:

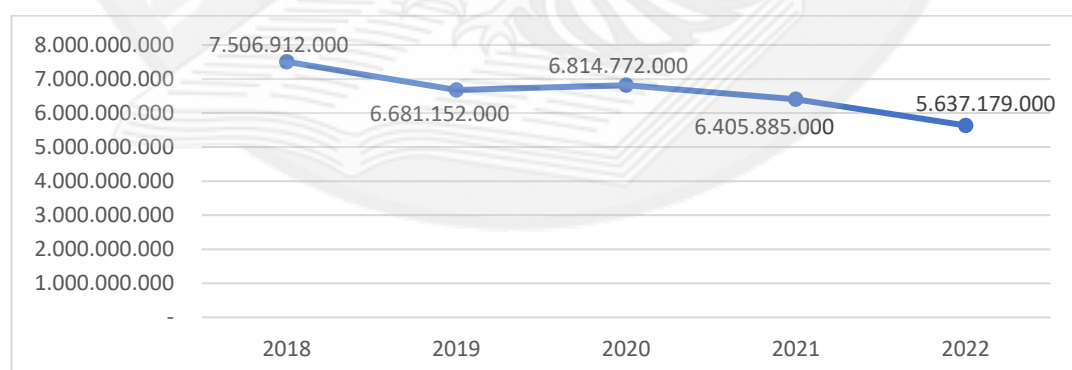


Figure 1.1 Sales Data at CV Sinar Kencana Mas

Source: CV Sinar Kencana Mas

Based on the figure above, the sales decreased in 2019, then experienced a minor increase in 2020 and continue to decrease two years after, which is 2021 and

2022. The problem that occurs is that retaining old customers is more difficult than finding new customers. There are several problems in the company that cause customers to switch to other companies thereby leading to low repurchase intentions, such as the presence of new competitors in the same line of business, the buyers' desire to try using the competitors' services, bad experiences from previous transactions from the company, and the company's inability to maintain good relationships with customers after their first purchase.

The phenomenon in the company is the company's difficulty in maintaining repurchase intention from customers. Repurchase intention is something that is expected by the company to maintain the company's survival. Companies will try to compete competitively to create a good customer experience when using products or services that will lead to a tendency for customer buying attitudes within a certain period which is done repeatedly. At this stage the customer will seek information from other sources at the time of purchase.

Based on description above, the writer wants to conduct the research with title **“The Influence Of Product Quality, Service Quality and Perceived Quality on Repurchase Intention at CV Sinar Kencana Mas.”**

1.2. Problem Limitation

The problem limitations in this research are product quality, service quality, perceived quality and repurchase intention. This research will use a questionnaire to obtain data from respondents. The writer will limit the respondents to customers from the company within the last 3 months.

The analysis method will use Statistical Program for Social Science (SPSS) as a statistical technique used to build and evaluate statistical models. The writer will describe the influence of product quality, service quality, perceived quality towards repurchase intention.

The writer will use some indicators to describe the research variable, which are performance, features, reliability, conformance, durability, and usability for variable product quality. While for service quality are reliability, responsiveness, guarantee, empathy, and shape. Furthermore, the perceived quality has indicators of high quality versus poor quality, best in category versus inconsistent quality, and best quality versus average quality versus lower quality. Lastly, repurchase intention has indicators of intend to make a repeat purchase, increase the frequency of purchases, transaction again and intend to transact the same product/ service.

1.3. Problem Formulation

The problems formulation in this research are as follow:

1. Does product quality influence repurchase intention at CV Sinar Kencana Mas?
2. Does service quality influence repurchase intention at CV Sinar Kencana Mas?
3. Does perceived quality influence repurchase intention at CV Sinar Kencana Mas?
4. Do product quality, service quality and perceived quality influence repurchase intention at CV Sinar Kencana Mas?

1.4. Objective of Research

Objectives of research are as follow:

1. To know the influence of product quality on repurchase intention at CV Sinar Kencana Mas.
2. To know the influence of service quality on repurchase intention at CV Sinar Kencana Mas.
3. To know the influence of perceived quality on repurchase intention at CV Sinar Kencana Mas.
4. To know the influence of product quality, service quality and perceived quality on repurchase intention at CV Sinar Kencana Mas.

1.5. Benefit of the Research

The following are some of the benefits of the research:

1.5.1. Theoretical Benefit

Based on the explanation above, some theoretical benefits of this research are as follow:

1. To gain knowledge about product quality, it is importance on the repurchase intention at CV Sinar Kencana Mas.
2. To get information about service quality held in the company, the importance, and the influence on the repurchase intention.
3. To gain insight into the importance of maintaining perceived quality, so that the customers will be satisfied and do the repurchase at CV Sinar Kencana Mas.
4. To compare the theories from this research to the actual events in the company.

1.5.2. Practical Benefit

Some practical benefits in this research are as follow:

1. To provide input for company about the product quality that has been run in the company and how to take advantage of the product quality to gain the repurchase intention from customers.
2. To provide an explanation about strength and weakness of service quality in the company, the act of every person in the company in giving service to customers, the comfort in having transactions with the company which will lead to repurchase intention in the company.
3. To help the company ensure practical efforts so that the resulting product can meet the perceived quality.
4. To give recommendations for the company to maintain and boost the repurchase intention buy using the product quality, service quality and perceived quality.