



## Proposed Marketing Strategy to Increase Repurchase Intention of Brand ABC

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### ABSTRACT

This study aims to determine the extent to which Customer Satisfaction can affect Brand Loyalty. Customer Satisfaction can affect Repurchase Intention, and Brand Loyalty can affect Repurchase Intention at Brand ABC. The sample of this research is 309 customer respondents who have purchased products at Brand ABC. In this study, the authors used data collection methods through interviews and questionnaires. The data analysis technique in this study uses a validity test, reliability test and Structural Equation Modelling Partial Least Square (SEM-PLS) test. From the SEM-PLS test results obtained,  $BL = 0.981 CS + E_1$  and  $RI = -0.220 CS + 1.194 BL + E_2$ . There is a strong and statistically significant positive influence between Customer Satisfaction and Brand Loyalty of Brand ABC customers. In addition, there is a strong and statistically significant negative influence between Customer Satisfaction and Repurchase Intention. Meanwhile, Brand Loyalty of Brand ABC customers has a positive and significant effect on their future Repurchase Intention.

### INTRODUCTION

Footwear is one of the primary needs for everyone, along with the development of fashion. Currently, footwear is not only a base to protect the feet but is one of the things to support the appearance of the wearer (Media Indonesia, 2021). Indonesia in 2019 managed to produce 1.03 billion pairs of footwear and occupy the position of the top four most prominent producers in the world. The growth of the footwear industry in 2021 increased by 2.4 percent and contributed to the GDP of IDR 13.8 trillion (Kementrian Perindustrian, 2021). Rencana Induk Pembangunan Industri Nasional (RIPIN) 2015-2035 also includes the footwear industry as a priority for development (Ministry of Industry, 2019). The above indicates that the footwear industry is growing in Indonesia. Micro, Small, and Medium Enterprises (MSMEs) are leading players in the footwear industry.

Based on the Kementrian Perindustrian data (2019), the number of footwear industries in Indonesia was 18,687 businesses, which included 18,091 small-scale business units, 441 medium-scale business units, and 155 large-scale business units. In addition, the footwear industry experienced an increase in the workforce of 53,056 people compared to 2018, with a total of 444,256 people in 2020 (Kementrian Perindustrian, 2019). This shows that the footwear industry in Indonesia is currently experiencing developments that make footwear manufacturers in highly competition. Therefore, consumers can choose freely from various footwear products that suit their fashion preferences and desires.

MSMEs are one of the most important contributing factors to economic improvement in Indonesia. Based on data, Indonesia is one of the countries that has the largest number of Small and Medium Enterprises (SMEs) with a total of more than 64 million, representing 99 per cent of total business activities that absorb 97 per cent of the workforce and contribute 60 per cent to GDP in Indonesia (Kementrian Keuangan, 2022). The ASEAN Investment Report 2022 states that the number of Small and Medium Enterprises (SMEs) in Indonesia in 2021 will reach approximately 65.46 million units. This number of Small and Medium Enterprises (SMEs) is much higher than neighbouring countries and the competition conditions for Small and Medium Enterprises (SMEs) are very tight compared to other countries (Katadata, 2022).

Nevertheless, MSMEs only sometimes run smoothly. At this time, MSMEs are in a state of survival and not infrequently experiencing failure, and only a few can develop into large companies. Currently, the number of MSMEs failures is inseparable from the weak work culture in the MSMEs work environment and the lack of employee creativity to express their ideas and performance appraisals that are not going well (Desmaryani, 2017). Some of the obstacles experienced by MSMEs to develop come from internal and external factors. Internal factors consist of limited capital, poor quality of human resources, weak laws, and unstructured accountability, and external factors consist of a business climate that is still not conducive, inadequate infrastructure, and limited access to raw materials, technology, and market coverage (Bank Indonesia, 2015). In addition, intense competition is an external factor that is the main challenge faced by MSMEs (Link UMKM, 2023).

Many MSMEs enter the footwear industry but cannot survive long due to high competition and inappropriate strategies (Gultom and Lumbanraja, 2022). Increasingly fierce competition in the footwear industry makes companies have the right strategy in order to compete with competitors (Yuniarti and Raharja, 2016). According to Widjaja and Nugraha's researched (2016), the strategy to help companies winning the competition in a competitive industry is through customer satisfaction, which in turn can increase brand loyalty.

## LITERATURE REVIEW

### Customer Satisfaction

Satisfaction is a response to the fulfillment of consumer needs (Oliver, 1997). Satisfaction can be defined as an assessment that a product or service feature provides a pleasant level of fulfillment associated with consumption, including less or more fulfillment (Kataria and Saini, 2020). In other words, consumer satisfaction relates to the extent to which customer expectations of a product or service are met through the experience of consuming it. Customer satisfaction is a decision made after the customer has experienced a particular product or service (Parasuraman et al., 1988). That is, satisfaction is a subjective evaluation of the customer after buying and using certain goods or services. Customer satisfaction is based on expectation disconfirmation theory, which is a comparison between pre-purchase expectations and post-purchase evaluations (Slack and Singh, 2019). In other words, satisfaction is formed from the difference between the customer's perceived product performance and their initial expectations of the product's performance. The more positive this difference is, the higher the level of satisfaction.

### **Brand Loyalty**

Brand loyalty relates to a deep sense of commitment from customers to consistently support a particular product or service in the future (Izogo, 2016). It shows unequivocally how customers have strong emotional ties and long-term loyalty to a particular brand. Brand loyalty is a consumer attitude toward brand preference for a product (Deighton et al., 1994). This indicates that consumers have a psychological attachment to a particular brand, so they prefer it. Customers often express brand loyalty to products that can enhance or demonstrate their identity (Bernarto et al., 2020). These products are part of the consumer's self, so they remain loyal even though there are many other alternatives. Brand loyalty means brand preference, where consumers will not consider other brands when they buy products (Baldinger and Rubinson, 1996; Cavero & Cebollada, 1997). Loyal consumers are so comfortable and trusting of a brand that they are not interested in even trying a competing brand. Brand loyalty is a measurement of business performance and one of the factors that can affect an organization's financial performance (Khan, 2013). Thus, brand loyalty should be maintained and enhanced as a valuable business asset for long-term profits. Brand loyalty has many benefits, such as substantial barriers to entry for competitors increased.

### **Repurchase Intention**

Repurchase intention is a consumer commitment that is formed after consumers buy a product or service; this commitment arises as a result of a positive impression of the brand. Customers feel satisfied with the purchase that has been made, and the decision to buy the product again will arise after the customer tries the product. There is a feeling of liking or disliking the product after trying it (Kharolina and Tranistari, 2022). Repurchase intention indicates the tendency of customers to repurchase the same brand or take actions related to the intention to repurchase products that have been purchased in the past (Ekaprana et al., 2018). The intention to repurchase a product or service indicates that consumers are satisfied and trust in the product or service (Asmarina et al., 2021: 18). Engel, Blackwell, and Miniard (1995) put forward the most famous consumer purchase decision-making model. This model divides the consumer purchase decision-making process into five stages, namely: (1) problem recognition, (2) information search, (3) evaluation of alternatives, (4) purchase decision, and (5) post-purchase behavior. Repurchase intention is a repeated process of buying certain goods and services from one particular store (Hellier et al., 2003), and the main reason is the previous shopping experience. In addition, repurchase intention is a behavioral element with a continuous desire and interest to buy a particular product or brand (Pather, 2016).

## **METHODS**

### **Validity Test**

Validity measures whether a data collection tool accurately measures what it should (Moule and Goodman., 2009: 184). The extent to which formatively specified constructs correlate with reflectively measured variables of a concept or the number of constructs that converge to explain the variance of its elements is called convergent validity, that is, the average variance extracted (AVE) for all items on each construct is a statistic used to assess the convergent validity of a concept (Hair et al. 2019). The Average Variance Extracted (AVE) value is the result of evaluating discriminant validity for each construct and endogenous and exogenous variables. AVE explains the internal correlation between indicators on the constructs in the latent variable set with an expected AVE value of at least 0.5 (Musyaffi et al., 2021: 11).

### Reliability Test

Reliability means reliable or consistent. This shows that the same results will occur if the exact measurement is repeated under the same conditions (Kraska et al., 2021:146). The alpha coefficient developed by Cronbach (1951) as a general measure of consistency is often used to measure reliability on a Likert scale. Cronbach's alpha is internal consistency, namely how closely related a set of items is as a unit of a concept. The Cronbach Alpha value ranges from 0-1; the closer it is to 1, the more it shows the level of score consistency (Suryani and Hendryadi., 2015:141).

### Structural Equation Modelling Partial Least Square (SEM-PLS)

Structural equation modeling (SEM) allows researchers to simultaneously model and estimate complex relationships between multiple dependent and independent variables. In estimating a relationship, SEM can consider measurement errors in the observed variables to obtain more precise measurements (Cole and Preacher, 2014). One method is partial least squares (SEM-PLS), which is commonly introduced as a "causal predictive" approach to SEM (Jöreskog & Wold, 1982) that focuses on explaining the dependent variable (Chin et al, 2020). Its causal predictive nature makes SEM-PLS attractive to researchers who aim to derive recommendations by making predictive-focused statements in model estimation and evaluation (Hair et al., 2021). SEM-PLS, therefore, perfectly emphasizes this need as the method highlights the mechanisms used to generate predictions (Hair, 2020, Hair and Sarstedt, 2019, 2021b). SEM-PLS is a non-parametric multivariate approach based on iterative ordinary least squares (OLS) regression to estimate models with latent variables and their ultimate relationships (Wold, 1982; Lohmöller, 1989). SEM-PLS can handle a wide range of sample sizes and is ideal for primary and complex models with few or many components, indicators, and latent interactions (Hair et al., 2019). At present, SEM-PLS is popularly accepted in the field of marketing research. This is because SEM-PLS can provide solutions. After all, it can analyze non-parametric data (Moscatto and Vries., 2019: 151). SEM-PLS has a minimum sample size technical requirement (Hair et al., 2021). Based on the explanation of previous research, this study will use SEM-PLS to determine the effect of customer satisfaction variables and brand loyalty variables on repurchase intention using SmartPLS software.

## RESULTS

### Validity Test

Before conducting the SEM-PLS test, it must first conduct a validity test. In the validity test, each questionnaire survey question item must be checked for validity to see if each question item is to ensure the extent to which the instrument measures what is desired. The AVE value will be used to test the validity; if the value is  $> 0.5$ , the variable is considered valid.

**Table 1. Validity Test Result**

Variables	Average Variance Extracted (AVE)
Customer Satisfaction	0,925
Brand Loyalty	0,922
Repurchase Intention	0,945

Table 1. shows the results of the research validity test, which states that all research variables have an AVE value  $> 0.5$ . This indicates that the survey, which consists of several questions based on these factors, is valid.

### Reliability Test

Before conducting the SEM-PLS test, it must first conduct a reliability test. Each survey question item must be carried out validity and reliability tests. The next reliability test is carried out if the data shows valid results. Based on Table. (Validity) If the data obtained is declared valid, then the reliability test can be carried out with the Cronbach's alpha value > 0.5 provisions, which means that the survey is reliable.

**Table 2. Reliability Test Result**

Variables	Cronbach's Alpha
Customer Satisfaction	0,997
Brand Loyalty	0,996
Repurchase Intention	0,980

Table 2. Shows the results of the research reliability test, which has a Cronbach's Alpha value > 0.5. This indicates that the survey results consisting of questions based on these characteristics are considered reliable. After all survey findings have been declared valid and reliable, then SEM-PLS analysis can be used to assess the hypothesis.

### SEM-PLS Model Interpretation

SEM-PLS analysis is used to test hypotheses and identify elements that influence repurchase intention from Brand ABC customers. In each variable, the data used is the respondent's response from the survey that has been conducted. SEM-PLS analysis is used to assess whether influencing factors positively or negatively influence repurchase intention and determine the elements that influence it. Below are the hypotheses that will be examined using SEM-PLS.

- H<sub>1</sub>: Customer satisfaction has a positive and significant influence on Brand Loyalty
- H<sub>2</sub>: Customer satisfaction has a positive and significant influence on Repurchase Intention
- H<sub>3</sub>: Brand Loyalty has a positive and significant influence on Repurchase Intention

Table 3 will present the results of hypothesis testing using the SEM-PLS approach using these three hypotheses. Based on these findings, each hypothesis will be interpreted and developed.

**Table 3. Path Coefficient**

Variables	Original Sample	P Values
Customer Satisfaction -> Brand Loyalty	0,981	0,00
Customer Satisfaction -> Repurchase Intention	- 0,220	0,017
Brand Loyalty -> Repurchase Intention	1,194	0,00

In addition to P-Values, there are also original samples in Table 3, which are coefficients for building SEM-PLS models. With the original sample value, the model built is as follows:

$$BL = 0,981 CS + E1 \quad (1.1)$$

$$RI = -0,220 CS + 1,194 BL + E2. \quad (1.2)$$

Where,

BL = Brand Loyalty

CS = Customer Satisfaction

RI = Repurchase Intention

E1 = Error for Brand Loyalty Model

E2 = Error for Repurchase intention Model

## DISCUSSION

Based on equation 1.1, customer satisfaction significantly influences brand loyalty. Thus, customer satisfaction can contribute by increasing brand loyalty by 0.981 for each unit increase in customer satisfaction, assuming other factors remain. This hypothesis's findings align with Malhan and Agnihotri, (2022), which state that customer satisfaction has a significant positive effect on brand loyalty. Based on the data, consumers have a high level of satisfaction, and Brand ABC has succeeded in making consumers feel satisfied mainly because the product is in accordance with what they expected before. Based on the survey, it was noted that the majority of consumers agree that Brand ABC has premium quality and varied models so that customers feel that what they have paid is worth what they receive, supported by easy access to products and services from Brand ABC. This will make customers feel satisfied and happy with Brand ABC, so this will have an impact on increasing customer brand loyalty and make Brand ABC have its advantages because it has met customer expectations compared to other brands in customer perceptions.

Based on equation 1.2, customer satisfaction significantly affects repurchase intention. If other factors are constant, customer satisfaction can contribute by reducing repurchase intention by 0.220 for each unit increase in customer satisfaction. Based on the data, it is noted that the majority of consumers are satisfied with Brand ABC products, which can be seen from the high mean score. However, satisfied consumers are not guaranteed to make repurchases because Brand ABC has products that competitors can easily imitate. This is in line with the results of the demographic survey, which states that the reason consumers do not make repurchase is because they can easily find similar products in other brands.

Based on equation 1.2, brand loyalty significantly affects repurchase intention. Thus, brand loyalty can contribute by increasing repurchase intention by 1.194 for each unit of increase in brand loyalty, assuming other factors remain. This aligns with the hypothesis by Vazifehdooost and Negahdari, (2018), which states that brand loyalty has a significant positive effect on repurchase intention. When customers are loyal to the Brand ABC brand, they will choose Brand ABC as the main brand in the footwear category and consider this brand to be part of their identity, so this will have an impact on repurchase of products due to previous pleasant experiences.

## CONCLUSION

- a.  $H_1$  accepted, meaning Customer Satisfaction has a positive and significant influence on Brand Loyalty.
- b.  $H_2$  is partially accepted, meaning Customer satisfaction has significant but negative influence Repurchase Intention.
- c.  $H_3$  accepted, meaning Brand Loyalty has a positive and significant influence on Repurchase Intention

## Suggestion

This research proposal is here to help the problems of companies experiencing a decrease in customer repurchase intention. However, every company and business has different conditions that can affect the decline in customers' repurchase intention, so it is wise to seek the point of view of experienced industry experts. This research only uses customer satisfaction and brand loyalty as the primary basis for customer analysis. Future research efforts can add these two variables to increase the depth and breadth of their analyses. In addition, it is essential to determine the influence of factors outside of customer satisfaction and brand loyalty that can affect repurchase intention.

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