INVESTIGATING FACTORS THAT INFLUENCING REPURCHASE INTENTION: CASE STUDY IN BEVERAGE MANUFACTURING INDUSTRY

Claudia SEVERESIA
Universitas Multimedia Nusantara, Tangerang, Indonesia
claudia.severesia@student.umn.ac.id

Prio UTOMO
Universitas Multimedia Nusantara, Tangerang, Indonesia
prio.utomo@umn.ac.id

Friska NATALIA
Universitas Multimedia Nusantara, Tangerang, Indonesia
friska.natalia@umn.ac.id

Abstract
The food and beverages industry is one of the most contributing sectors for Indonesian economic growth. It is a profitable business to invest in, due to the development of the Indonesian population. However, the competition in the market is inevitable; thus, companies need to generate strategies of differentiation to retain the customers. One crucial thing in maintaining customer loyalty is to have good management in customer experience. Customer experience was mainly discussed in the Business to Customer (B2C) sector but limitedly explored in the Business to Business (B2B) sector. Customer satisfaction can directly affect and predict customer repurchase intention and customer loyalty. Repurchase intention is crucial in the B2B industry because the buying process in the B2B industry is a rational decision, and it costs more to deal with the new customers than keeping customers already had. Therefore, current research is focused on customer experience; value, loyalty, and satisfaction on repurchase intention in one beverage manufacturing company in Indonesia whose market focus is on the B2B sector. Quantitative research was conducted on July 13th, 2021, to August 5th, 2021 using the availability sampling method and obtained 85 respondents who are the customers of the beverage manufacturing company in Indonesia. Data was analyzed using PLS-SEM (Partial Least Square – Structural Equation Modelling) method. This study shows that 78.2% of repurchase intention is explained and significantly affected by the variables discussed in the research. Customer satisfaction is more likely to affect the repurchase intention. However, customer value has no significant effect on repurchase intention. Therefore, it is hoped that this study will give insights to B2B organization managers to set their marketing strategy.

Keywords: customer experience in B2B, customer loyalty, customer satisfaction, repurchase intention
DOI: https://doi.org/10.24818/beman/2022.12.1-02
1. INTRODUCTION

The food and beverages industry is one of Indonesia's industrial sectors that significantly contribute to the Indonesian economy. This sector has a significant increase in growth and investment value every year. The development of the Indonesian food and beverages industry is possible due to new investments, increased buying power of people, and the growth of Indonesia's population. The food and beverages industry is one of the exciting sectors to invest in since Indonesia is positioned as the fourth most populated country worldwide, and most people in the middle class are attracted to the food and beverages market. Challenges and obstacles in the Indonesian food and beverages industry will also increase as the industry grows and competition between manufacturers becomes tighter (Ragimun & Widodo, 2019).

An increase in the number of citizens leads to a rise in the consumption rate. As the fourth most populated globally, Indonesia is a potential market for investment because Indonesia has a high consumption rate. The food and beverages industry stands up even in critical situations and has good profitability prospects (Lestari & Farida, 2017). In addition, more than 80% of Indonesia’s economic growth is influenced by domestic consumption and investment. The food and beverages sector is categorized as private consumption (Jang & Utomo, 2021). For this reason, the food and beverages industry is an exciting area for business and investment.

There is a change from the consumption of commodities to goods, services, and experiences. Conventional products and service value propositions are not enough to reach customers and create differentiation; thus, organizations must focus on the customer experience to generate a seamless total experience. The essential ingredient in building and maintain customer loyalty is good management of customer experience. Customer experience has become a crucial marketing tool and concept to create a unique, pleasurable, and memorable experience. Marketers and scientists define customer experience as a strategic action in creating holistic customer value, differentiation, and sustainable competitive advantages (Jain et al., 2017).

Customer experience is a complex, dynamic, and complicated term especially in the recent era where several generations have a different expectation (Utomo, 2021). It is a multi-dimensional term that includes how customers respond to the organization's interaction (Zolkiewski et al., 2017). An organization needs to develop customer experience management because aligning the organization to a customer-centric form will affect customer satisfaction in organizational performance and organization long-term sustainability. Some organizations have no clue regarding the importance of customer experience and are often resistant to utilize it. Some reasons are due to the complexity and unpredictable nature of customer experience and organizational level of customer experience (Ceesay, 2020).
Remarkably, businesses agree that high customer satisfaction is crucial since it is a prerequisite for a successful business. A dissatisfied customer will leave the company, and negative word-of-mouth will be generated. On the other hand, satisfied customers will generate positive word-of-mouth and bring new customers to the organization (Aichner & Gruber, 2017). Positive feedback and attitude from the customer will gain possibilities in developing customer repurchase intention (Nhĩ, 2019).

Customers repurchase intention is important for food and beverages companies since it has high level of competition. Entrepreneurs can start this business with a little investment and small exit cost. Therefore, there are many similar competitor companies in the market and if the company cannot stand the competition and survive, they will lose to the competitors and can suddenly close the business (Toaha et al., 2019). Another reason on the importance of customer repurchase intention is due to the nature of buying action in B2B sector. The B2B transaction is more complicated and need more negotiation process because it involves more stakeholders and bulk amount. When the company invest on a technology or materials, but the customer is not repurchasing, it is unprofitable for the company (Greus et al., 2019).

The definition of customer experience has evolved; It is limited to the Business to Customer (B2C) sector and lacks exploration in the Business to Business (B2B) market. One potential justification is that the transaction or buying process in the B2B sector is considered rational, while customer experience involves emotional concepts (Greus et al., 2019). Therefore, this research focuses on the customer experience of the B2B sector which was limitedly discussed, especially in the beverages manufacturing industry, and understands whether customer loyalty and satisfaction mediate the relationship between customer experience and repurchase intention.

2. LITERATURE REVIEW

2.1 CUSTOMER EXPERIENCE

Customer experience is the accumulation of customer perception created during learning, acquiring, using, maintaining, and disposing of a product or service directly or indirectly. Experience can occur due to encountering things through sensory, cognitive, emotional, behavioural, and relational value. In this manner, the company needs to build a cohesive, authentic, and sensory-stimulating total customer experience to evolve an emotional relationship with customers (Jain et al., 2017). Customer experience has five dimensions: sensory, emotional, behavioural, intellectual, and relational (Greus et al., 2019).

One of the factors of customer repurchase intention is customer experience. The customer is stimulated with knowledge or sensation from several methods provided by the seller. As the competition in the market increases, service providers need extra effort to maintain customer experience; thus, customers will still be interested and make a repurchase (Febriani & Ardani, 2021).
Before purchasing a product or service, the direct or indirect contact include the marketing communication experiences, experience of another customer through word-of-mouth, customer journey to the store, as well as encounter the website of the company. Those physical contact mentioned previously are also provided by the company as part of the customer journey and expand the tangibility of service quality. On the other hand, indirect contact includes when the customer consumes the product, whether the product or service their purchased meets their goal or not (Lemke et al., 2011).

2.2 CUSTOMER VALUE
It is essential to understand customer value's position as a management tool to improve customer service delivery. Customer value is described as a "trade-off" between the benefits gained and the sacrifice made by the customer in obtaining the product. The benefit includes product or service quality. The sacrifice is in monetary aspects, such as direct, acquisition, and operation costs, and non-monetary aspects such as time, effort, and energy (Olaru et al., 2008).

2.3 CUSTOMER LOYALTY
Loyalty means regular purchasing specific products and services, recommending to others, and being immune to promoting similar brands and competitors' products. It is evaluated by repurchase intention, price tolerance, willingness in recommending the product or service to others, and cross buying intention (Huang et al., 2019).

Customer loyalty is built on attitude and trust; it is crucial to gaining competitive advantages in a highly competitive market and dynamic environment. Customer loyalty can also be defined as the promise that a customer purchases products or services over a consistent period, does not bother a competitor's innovation, and has no intention of switching — those actions resulting in the development of a continuous relationship between customers and the organization. Customers will also endorse the organization, give a positive review, and repurchase (Leninkumar, 2017).

2.4 CUSTOMER SATISFACTION
Customer satisfaction is when customer demand and goal have been completed with a high-quality product or service. Customer satisfaction can be seen after the usage of the product. Generally, a satisfied customer will repurchase the product, and on the other hand, they will not use or even repurchase if they are not. In this globalization era, customer satisfaction is one key driver to win the market competition (Harahap, 2018).
In the marketing point of view, customer satisfaction is a determinant of a successful business. It involves what customers think and feel regarding service or goods' performance, whether it is a pleasant or disappointing experience. Customer satisfaction is crucial because it supports business owners with information that they can utilize to improve and expand their business. Customer satisfaction can be measured through the perspective of Functional Customer Satisfaction (FCS), Technical Customer Satisfaction (TCS), and Overall Customer Satisfaction (OCS) (Hassan et al., 2020).

2.5 REPURCHASE INTENTION

Repurchase intention is defined as an individual's judgment in obtaining a product or service again after the first time. There are three factors affecting customer repurchase intention: service quality, perceived value, and customer satisfaction. Quality assessment is crucial for the customer decision process, and it plays a significant role in the organization's competitive advantages. Some dimensions such as reliability, responsiveness, assurance, empathy, tangibles are assessed to reflect customer perception (Anh et al., 2020).

Most researchers believe that customer satisfaction is related and can predict the repurchase intention and customer loyalty (Anh et al., 2020). Customer satisfaction is an overall evaluation of how an organization post-purchase performance is or how utilization of a product or service is. It shows how the products or services are bought to meet customer satisfaction. Customer satisfaction can increase profitability by developing customer retention and directly affecting the repurchase intention (Nhĩ, 2019).

2.6 RELATIONSHIP BETWEEN CUSTOMER EXPERIENCE AND REPURCHASE INTENTION

Customer experience is defined as the feeling and consciousness of customers after purchase and use of a particular product or service. Whether it is a good or bad experience, it will always be remembered by the customer. Repurchase intention is influenced by the levels of consumer experience (Prastyaningsih et al., 2014). Therefore, this study provides the hypothesis below.

Hypothesis 1: Customer experience has a significant effect on repurchase intention

2.7 RELATIONSHIP BETWEEN CUSTOMER VALUE AND REPURCHASE INTENTION

Customers are likely to repurchase the product or service if the offering is viewed as value for money (Olaru et al., 2008). Therefore, this study provides the hypothesis below.

Hypothesis 2: Customer value has a significant effect on repurchase intention.
2.8 RELATIONSHIP BETWEEN CUSTOMER LOYALTY AND CUSTOMER SATISFACTION WITH REPURCHASE INTENTION

The cost of getting a new customer is five times higher compared to maintain the existing customer. Customer loyalty can be measured using customer repurchase intention; satisfaction is critical in repurchase intention (Anh et al., 2020; Huang et al., 2019). Based on that, the study provides the hypotheses below.

Hypothesis 3: Customer loyalty has a significant effect on repurchase intention.

Hypothesis 4: Customer satisfaction has a significant effect on repurchase intention.

![Research Framework](image)

**FIGURE 1. RESEARCH FRAMEWORK**

Source: Author

3. RESEARCH METHODS

This research uses quantitative analysis to test four hypotheses. There are five variables involved in this research framework: independent variable (Customer Experience (CX), Customer Value (CV), Customer Loyalty (CL), and Customer Satisfaction (CS)) and dependent variable (Repurchase Intention).
The research was conducted in one of Indonesia's beverage manufacturing companies, and the questionnaire in Google Form was distributed from July 13th, 2021, to August 5th, 2021. There is a total of 85 respondents from which data was collected using the availability sampling method, which is convenience sampling.

The research was divided into two parts: pre-test and main test. The pre-test aimed to analyze the validity and reliability of the questionnaire and was conducted using SPSS Software version 22. The result of the pre-test was valid and reliable; thus, the main test can be performed. Data for the main test is analyzed using a second-generation multivariate analysis called PLS-SEM (Partial Least Square – Structural Equation Model) method using SmartPLS v.3.3.3. Analysis of the main test included descriptive analysis, measurement model analysis, structural model analysis, and mediation effect analysis (Utomo & Budiastuti, 2019).

4. FINDINGS AND RESULTS

A pre-test was conducted to assure the validity and reliability of the questionnaire instrument. Therefore, the main test can be valid.

The total of 85 respondents is categorized into six groups of time periods: less than a year, 1 – 2 years, 2 – 3 years, 3 – 4 years, 4 – 5 years, and more than five years. The data can be seen in Figure 2.

![Figure 2. Respondent Characteristic Based on Duration Becoming a Customer](source: Author)

The company manufactures beverages products for the B2B sector, especially Horeca (Hotel, Restaurant, Café etc.) market. Respondents are further categorized into segments, as can be seen in Figure 3.
For measurement model analysis, three indicators are considered for removal because the outer loading value was below 0.7: CS3, CV1, and CV4. Some scenarios were defined, and the best plan was to remove CS3 and CV4, which removal of does not affect the Cronbach's Alpha value. After the removal of those indicators, the main test is re-conducted. Other measurement model assessments such as Cross Loading, Fornell-Larcker Criterion, and Heterotrait-Monotrait (HTMT) Ratio show results matching with the standard (Kante et al., 2018).

A complete bootstrapping with 5000 samples was done before the structural model analysis. The $R^2$ value of the dependent variable, which is repurchase intention, was 0.782, which is considered as substantially accurate. It means 78.2% of discussed variables CX, CL, CV, and CS can determine the dependent variable of RI, while 21.8% are variables not addressed in the current research.

Path coefficient shows the relationship between the variables. The $t$-value of the study related to marketing should be greater than 1.96 with a 5% significance level ($p$-value lower than 0.05) (Kante et al., 2018). The result of path coefficient analysis can be seen in Table 1. The next step of revealing a significant effect was an $f^2$ analysis. The result can be seen in Table 2.

### TABLE 1. PATH COEFFICIENT ANALYSIS

<table>
<thead>
<tr>
<th></th>
<th>Path Coefficient</th>
<th>$t$-Value</th>
<th>$p$-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CX $\rightarrow$ RI</td>
<td>0.216</td>
<td>1.991</td>
<td>0.047</td>
</tr>
<tr>
<td>CV $\rightarrow$ RI</td>
<td>0.075</td>
<td>0.720</td>
<td>0.471</td>
</tr>
<tr>
<td>CL $\rightarrow$ RI</td>
<td>0.265</td>
<td>2.354</td>
<td>0.019</td>
</tr>
<tr>
<td>CS $\rightarrow$ RI</td>
<td>0.440</td>
<td>3.958</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Note: Customer Experience (CX), Customer Value (CV), Customer Loyalty (CL), Customer Satisfaction (CS), Repurchase Intention (RI)

Source: Author

The effect size ($f^2$) is related to evaluating $R^2$ values of all endogenous constructs, specifically determining the change in $R^2$ value when a specific exogenous construct is eliminated from the model. It brings a substantive impact on the endogenous construct. The standard of assessing $f^2$ values are 0.02.
for a small effect, 0.15 for a medium effect, and 0.35 for a large effect. The value of $R^2$ lower than 0.02 means the variable tested does not affect the $R^2$ (Hair et al., 2017).

<table>
<thead>
<tr>
<th>TABLE 2. $F^2$ ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F$^2$ VALUE</strong></td>
</tr>
<tr>
<td>CX $\rightarrow$ RI</td>
</tr>
<tr>
<td>CL $\rightarrow$ RI</td>
</tr>
<tr>
<td>CS $\rightarrow$ RI</td>
</tr>
</tbody>
</table>

Note: Customer Experience (CX), Customer Value (CV), Customer Loyalty (CL), Customer Satisfaction (CS), Repurchase Intention (RI)

Source: Author

From the results shown in Table 2, it can be seen that all the t-values are larger than 0.02. However, the p-value was smaller than 0.05. It means the relationship of variables affects the $R^2$ value, but the effect is not significant.

Based on the path coefficient analysis result in Table 1, the hypothesis can be summarized in Table 3.

<table>
<thead>
<tr>
<th>TABLE 3. SUMMARY OF HYPOTHESIS TEST</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HYPOTHESIS</strong></td>
</tr>
<tr>
<td>H1</td>
</tr>
<tr>
<td>H2</td>
</tr>
<tr>
<td>H3</td>
</tr>
<tr>
<td>H4</td>
</tr>
</tbody>
</table>

Source: Author

5. DISCUSSION

From the quantitative approach, several findings are noted to form the conclusion. The $R^2$ value measures the variance proportion of a dependent variable explained by the model's predictors (Zhang, 2016). In this research, repurchase intention as the dependent variable has an $R^2$ value of 0.782. The $R^2$ value is considered substantially accurate as 78.2% of the independent variables can explain the dependent variable; the remaining 21.8% are other variables not discussed in this research. The results of this study are supported by the research on factors affecting repurchase intention in the B2B tourism sector: service quality, perceived value, and customer satisfaction (Anh et al., 2020). Factors that affect the customer repurchase intention of B2B Indonesian, generally fishery companies, include price perception, brand image, and personal selling (Prihatini & Gumilang, 2021).

Based on the hypothesis testing in Table 3, three hypotheses (customer experience, customer loyalty, and customer satisfaction) are accepted due to significance in the path coefficients. Customer experience has a significant effect on repurchase intention. It has a similar result to the research on restaurant customers in Lamongan, Indonesia (Prastyaningsih et al., 2014) and Chinese online travel agencies (Liu et al., 2016). Customer satisfaction has a significant effect on repurchase intention. It
shows a similar result on the research on repurchase behavior of the Y Generation on online business in India (Trivedi & Yadav, 2020). Customer loyalty has a significant effect on repurchase intention. It is proven in the research on long-run repurchase intention in the telecommunication industry in Nigeria (John, 2017).

However, the hypothesis on the relationship between customer value and repurchase intention showed no significant interaction. High monetary sacrifice has the probability of detracting the value, and increased benefits offered do not necessarily guarantee the customers repurchase intention or word-of-mouth (WOM) (Olaru et al., 2008).

Attracting more customers require more costs, such as marketing costs, as it is expensive to invest in a practical advertisement. A more economical solution is to utilize the customer’s power of word-of-mouth, making other customers buy more. Research confirmed that emotional and social experience affects customer repurchase intention (Nasermoadeli et al., 2013).

Customer experience helps win customer satisfaction; thus, it increases customer repurchase intention. Maintaining a good customer experience is also a challenge for the organization. They compete to provide excellent service to their customers, for them to be loyal and repurchase their products and services. Customer repurchase intention can be increased by providing a reasonable quality service satisfaction and value-added products. A good purchasing experience is needed to obtain a higher customer satisfaction level (Mustikasari et al., 2021). When customers increase their positive shopping experience, the chances of repurchase intention will be higher (Nasermoadeli et al., 2013).

6. CONCLUSIONS

The food and beverage industry is a promising industrial sector and has an immense contribution to the economy of Indonesia. One of Indonesia’s Gross Domestic Product contributions is the high consumption rate of Indonesian citizens because Indonesia is positioned as one of the most populated countries worldwide. The food and beverages industry is also known for the profitability prospect and the ability to survive in ever-critical conditions because food and beverages are the primary needs of people.

As competition becomes inevitable, managers and business owners need to figure out some strategies to maintain the customers and survive the competition. One of the marketing tools that need to be noticed is customer experience. Customer experience involves the customer’s response from the customer journey, and due to its complexity, customer satisfaction and loyalty are used to measure the customer experience.
The study on customer experience in the B2B sector is minimal, making it an interesting field to explore. Therefore, this research analyses customer experience, value, satisfaction, and loyalty effect on repurchase intention. From the study, it can be concluded that there is a significant effect of customer experience, customer satisfaction and customer loyalty to repurchase intention.

In this research, the variables studied can explain 78.2% of repurchase intention (CX, CV, CL, and CS). The remaining 21.8% are variables that are not discussed in current research. Therefore, it opens the opportunity to explore the other variables that can explain customer repurchase intention.

This research hopes to contribute to the managerial aspects of the organizations. Managers need to explore strategic methods to create a more wonderful customer journeys, resulting in high customer retention and repurchase intention. Therefore, the organization can survive the tight competition in the market.

REFERENCES


Severesia, C., Utomo, P., Natalia, F.  
INVESTIGATING FACTORS THAT INFLUENCING REPURCHASE INTENTION: CASE STUDY IN BEVERAGE MANUFACTURING INDUSTRY

https://jom.unri.ac.id/index.php/JOMFSIP/article/view/13854

https://doi.org/10.1080/10941665.2015.1094495


https://doi.org/10.5539/ijbm.v8n6p128


https://doi.org/10.1108/08858620810913362


https://doi.org/10.24018/ejbmr.2021.6.2.756

https://kfknowledgebank.kaplan.co.uk/porters-diamond-model-


