CHAPTER I

INTRODUCTION

1.1 Background Research

Globalization is a phenomenon that the world is struggling to come to terms with. As a result of the developments that have taken place in this century, the scope of knowledge and concentration, particularly in the field of information and technology has rapidly expanded and developed all over the world. This pertains to human endeavours, and numerous information technology companies persist in creating innovations that seek to enhance human existence. The internet is one of the most significant innovations in the world. It serves as a platform for conducting buying and selling activities that can be carried out without any constraints of location or time.
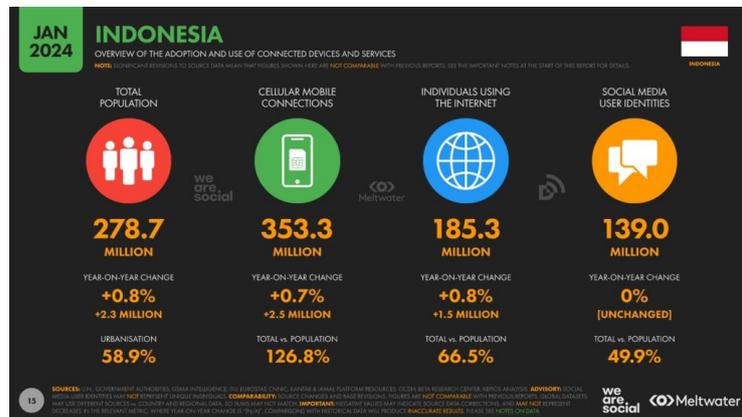

Figure 1. 1 Social Media Users in Indonesia 2024
Source: Hootsuite (We are Social): Indonesian Digital Report, 2024

Indonesia's overall population is 278.7 million. Interestingly, the number of linked mobile devices in the country has reached 353.3 million, accounting for 126.8% of the total population, demonstrating that many people own multiple devices.

Indonesia has 185.3 million internet users, which accounts for around 66.5% of the entire population, indicating substantial internet penetration throughout the country. Furthermore, there are 139 million active social media users, which accounts for 49.9% of the total population, demonstrating the people's high degree of engagement with social media platforms. As a result of these advancements, the term "e-commerce" was coined.

The purchasing, selling, or trading of data, products, or services using the Internet is known as e-commerce (Turban et al., 2015). E-commerce refers to the process of conducting business transactions that entail the exchange of value utilising digital technology between individuals (Kenneth C, 2017). The World Wide Web, the Internet, and mobile platforms or applications are examples of e-commerce media.

Marketplace-based commercial transactions are growing annually, particularly since COVID-19 entered Indonesia. This increase is explained by the perception that internet buying offers safer transactions because there is no in-person interaction and lower prices. These days, an increasing number of Indonesian business people (including many large brands as well as SMEs) are selling on marketplaces. The growing trend of online shopping in Indonesia can undoubtedly be attributed to the arrival of these major companies in online marketplaces. Nowadays, a wide range of people are highly conversant with words like marketplace and internet buying. Additionally, marketplace apps are made to work with Android as well as iOS devices.

According to research conducted by Goodstats, compiling data from SimilarWeb, Shopee was visited by 158 million visitors in Q1 2023 and 167 million visitors in Q2 2023. Meanwhile, Tokopedia had 117 million visitors in Q1 and 107.2 million in Q2 2023. Lazada, in third position, had 83.2 million visitors in Q1 and 74.5 million in Q2. This was followed by Blibli with 25.4 million visits in Q1 and 27.1 million in Q2. Bukalapak ranked last with 18.1 million visitors in Q1 and 15.6 million in Q2. The dominance of e-commerce in Indonesia is expected to continue increasing. The projected number of e-commerce users in the country is estimated to reach 244 million by 2027.
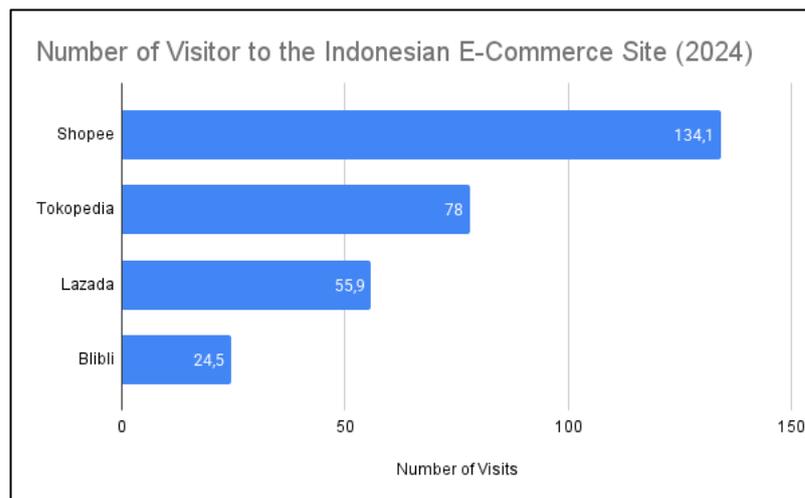

Figure 1. 2 List of Top Popular Marketplaces in Indonesia 2024
Source: https://databoks.katadata.co.id/, 2024

Many e-commerce websites, including Shopee, Tokopedia, Lazada, and Blibli are highly well-known in Indonesian society. In order to draw in more customers, the five e-commerce companies are engaging in healthy competition by implementing various business ideas and marketing techniques. The author's research focuses on Shopee, one of the five e-commerce sites.
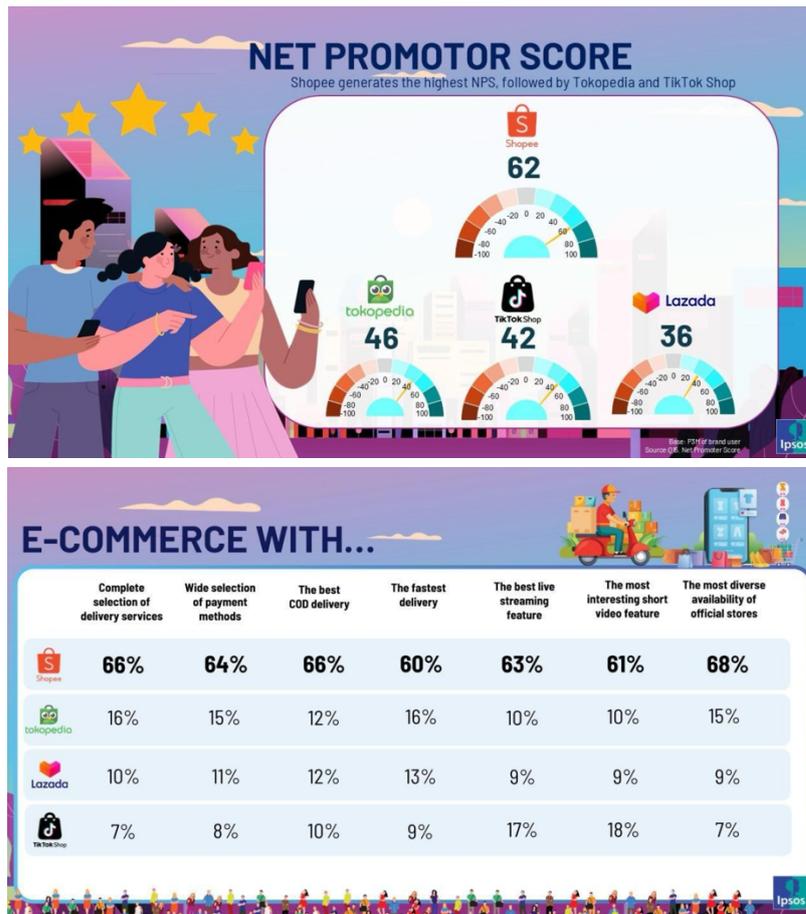
Figure 1. 3 Highest E-Commerce Recommendation 2024
Source: https://www.ipsos.com/en-id, 2024

IPSOS Indonesia research found that Shopee leads in online shopping satisfaction, with 62% of consumers recommending it first. Tokopedia follows at 46%, TikTok Shop at 42%, and Lazada at 36%, reinforcing Shopee's top position in e-commerce. The customer feels that their expectations have been met or exceeded. The e-commerce industry, which operates through online applications on smartphones, focuses on fulfilling consumer needs. By offering a variety of products or services, companies provide many alternatives for consumers to meet their needs while striving to enhance customer satisfaction. Customer expectations encompass various aspects, such as product quality, service reliability, reasonable

pricing, customer experience, and more. Customer satisfaction refers to the extent to which customers feel satisfied or fulfilled with the products and services provided by a company. Customer satisfaction can be measured in various ways, including customer satisfaction surveys, direct feedback, online reviews, and so on. According to Satriadi (2021), Customer satisfaction refers to the level of satisfaction a customer experiences after comparing the received product or service with their expectations. The satisfaction felt by customers illustrates how well a company's products or services align with customer expectations. When a customer's expectations are met or exceeded, it increases their likelihood of making repeat purchases. Conversely, when customer satisfaction is low, it negatively impacts repurchase intention.

Consumer satisfaction plays a crucial role in enhancing a company's performance (Satriandhini et al., 2019). One of the key ways to increase customer satisfaction is by meeting consumer needs and desires, which can be achieved through creating perceived value. Consumer perceived value is determined by the difference between the costs incurred and the benefits received from a product. When consumers perceive that the value and benefits they obtain outweigh the costs they spend, they are more likely to be satisfied and exhibit repurchase intention. Conversely, if the benefits received are lower than the costs incurred, customer satisfaction will decline, increasing the likelihood of switching to a competitor. Therefore, companies must adopt a strategic and careful approach to retain customers and prevent brand switching. Ensuring that customers receive products

that meet their expected criteria is a critical factor in perceived value, as it reflects a balance between quality, cost, and product advantages.

Perceived value, as defined by Kotler & Keller (2009), refers to the consumer's subjective assessment of the benefits obtained in relation to the quality and superiority of a product or service, in comparison to their initial expectations. Consumer perceived assessment is a factor in comprehending purchasing habits, which can provide a competitive edge by improving overall customer value, cutting costs, and providing discounts or promotions to enhance competitiveness.

The decision to purchase a product is strongly influenced by its perceived value. When customers are satisfied with the product or service they receive, they are more likely to develop an interest in buying it again. According to Oktaviani et al. (2024), repurchase intention refers to a customer's tendency to repurchase a product after experiencing satisfaction and finding that it meets their expectations from a previous purchase. Similarly, Gan & Wang (2017) describe repurchase intention as a positive consumer response, reflected in their willingness to continue using the product. This process contributes to the development of behavioural intention, where customers evaluate and decide whether to make another purchase. Analyzing and investigating behavioural intention is essential in the field of microeconomics (Ranjbarian et al., 2010). In this context, the retail industry, particularly department stores, plays a significant role in the economy, both in developed and developing countries, including Indonesia.

PT. Matahari Department Store Tbk is a key player in Indonesia's retail sector, offering a wide range of fashion, beauty, and lifestyle products. The

company's presence in online marketplaces, such as Shopee, reflects its adaptation to changing consumer behaviour. Matahari's product offerings not only cater to the practical needs of Indonesian consumers but also align with their preferences for quality, affordability, and convenience in shopping. Understanding consumer behaviour, including their repurchase intention, is crucial for Matahari to enhance customer satisfaction and maintain a competitive edge in the e-commerce landscape.

Understanding consumer behavior, particularly repurchase intention, is crucial for PT. Matahari Department Store Tbk to strengthen its market position and drive sustainable growth. While the company has successfully expanded into the e-commerce sector through Shopee, its online sales performance has not yet matched the success of its offline stores.

Table 1. 1 Sales from PT Matahari Department Store Tbk

Year	Month	Sales Revenue (Sum of NETT-PPN)		Annual Gap
		Online Store [Shopee]	Offline Store	
2022	Januari	Rp 63.199.779	Rp 5.633.255.456	
	February	Rp 72.892.834	Rp 4.633.522.635	
	March	Rp 89.738.093	Rp 5.632.263.322	
	April	Rp 86.463.204	Rp 13.233.231.254	
	May	Rp 75.500.908	Rp 11.233.002.145	
	June	Rp 91.128.868	Rp 7.633.233.213	
	July	Rp 94.611.368	Rp 6.333.262.321	
	August	Rp 90.482.094	Rp 5.663.262.321	
	September	Rp 70.867.803	Rp 7.352.213.231	
	October	Rp 88.293.937	Rp 6.865.333.213	
	November	Rp 83.876.695	Rp 7.533.332.154	
	December	Rp 100.719.728	Rp 9.322.623.321	
Total 2022		**Rp 1.007.775.331**	**Rp 91.068.488.852**	**Rp 90.060.713.521**
2023	Januari	Rp 70.851.253	Rp 8.459.665.436	
	February	Rp 76.533.542	Rp 8.963.320.346	
	March	Rp 95.597.975	Rp 18.296.642.341	
	April	Rp 90.367.088	Rp 19.633.215.663	
	May	Rp 70.916.655	Rp 8.635.245.233	
	June	Rp 90.641.158	Rp 8.933.252.366	
	July	Rp 129.194.444	Rp 9.235.462.435	
	August	Rp 160.637.845	Rp 9.352.422.132	
	September	Rp 165.339.688	Rp 8.352.662.544	

	October	Rp 179.340.234	Rp 8.426.632.333	
	November	Rp 172.818.379	Rp 9.362.554.233	
	December	Rp 141.757.609	Rp 12.332.212.323	
Total 2023		**Rp 1.443.995.870**	**Rp 129.983.287.238**	**Rp 128.539.291.368**
	Januari	Rp 66.630.833	Rp 8.977.770.719	
	February	Rp 91.214.553	Rp 9.674.233.850	
	March	Rp 115.858.439	Rp 22.039.528.586	
	April	Rp 124.482.463	Rp 19.365.090.537	
	May	Rp 91.191.330	Rp 8.104.436.048	
2024	June	Rp 128.379.414	Rp 9.318.007.394	
	July	Rp 100.642.493	Rp 9.484.212.049	
	August	Rp 161.799.314	Rp 9.359.112.877	
	September	Rp 170.745.212	Rp 8.675.236.495	
	October	Rp 182.055.431	Rp 8.861.435.962	
	November	Rp 197.531.000	Rp 9.614.309.227	
	December	Rp 177.206.435	Rp 14.250.617.986	
Total 2024		**Rp 1.607.736.917**	**Rp 137.723.991.720**	**Rp 136.116.254.803**

Source: PT. Matahari Departement Store Tbk Internal Data, Heartquarters Office Indonesia 2022 - 2024

Analyzing Matahari's sales and revenue data from both offline and online channels provides valuable insights into this disparity. The sales and revenue of PT Matahari Department Store are primarily generated from offline sales rather than online sales. There is a significant gap between the revenue obtained from offline and online sales, highlighting the disparity in performance between the two channels. Several factors may contribute to the lower sales on Shopee, particularly in terms of customer perceived value, customer satisfaction, and repurchase intention. This research focuses on perceived value, customer satisfaction, and repurchase intention because these factors are critical drivers of consumer behavior in e-commerce, especially in the competitive online retail environment. Understanding how customers evaluate the value they receive from both PT Matahari Department Store Tbk and the Shopee platform, as well as how satisfied they are with their experiences, will shed light on the barriers preventing higher repurchase intention. By addressing these factors, the research aims to provide actionable insights that

can help PT Matahari Department Store Tbk optimize its online strategies, enhance the customer experience, and ultimately drive higher sales and revenue in the digital marketplace.

Tier 2		
No.	City/Regency	Total Population
1	Malang City-Regency	3.520.127
2	Semarang City-Regency	3.089.137
3	Surabaya City	2.972.801
4	Semarang City-Regency	2.745.801
5	Cirebon City-Regency	2.724.104
6	Garut	2.675.547
7	Tasikmalaya City-Regency	2.619.125
8	Jember	2.584.233
9	Medan	2.527.050
10	Cianjur	2.472.052
	73 other cities/districts	144.522.583
	TOTAL	172.481.857

Figure 1. 4 Transaction Value Graphics and Shopping Behavior in Semarang 2023

Sources: E-Commerce Consumer Behavior Report, Kredivo 2023

According to research conducted by Kredivo in 2023, Semarang is classified as a Tier 2 city. Tier 2 cities have shown growth in e-commerce transactions, increasing from 28.1% in 2020 to 34.8% in 2022. This trend highlights the rising adoption of online shopping in mid-sized cities. Semarang is among the top three most populated areas, with a population of over 3 million, alongside Malang City/Regency (3,520,127) and Surabaya City (2,972,801). As a major consumer market, Semarang is an important location for studying customer behavior, particularly in online shopping and repurchase intention. Additionally, customer satisfaction may be influenced by factors such as delivery time, product availability, and after-sales service, which can impact their willingness to repurchase. By analyzing these aspects through sales and revenue data, we can better understand the challenges Matahari faces in the online marketplace and identify strategies to improve customer retention and increase repurchase intention on Shopee.

Lower sales on Shopee can be an indicator that customers have a negative perceived value of the products or services provided by PT. Matahari Department Store Tbk. The sales on Shopee are significantly lower than in offline stores, it is likely that certain aspects of perceived value and customer satisfaction are not being met effectively. Customer reviews on Shopee indicate concerns such as differences in product quality between online and offline stores, errors in delivering the correct color or size, and other issues that may impact their overall shopping experience. Many customers hesitate to repurchase or even give the negative feedback because they feel the product does not meet their expectations based on past experiences, such as product quality that do not align with their expectation or previous experience. This dissatisfaction directly impacts customer satisfaction, leading to a decline in repurchase intention.

Negative reviews on Shopee further reinforce these concerns, with customers expressing disappointment in product quality, pricing, and overall shopping experience. These reviews provide valuable insights into the factors that may be hindering customer retention and influencing Matahari's online sales performance. Below are some of the customer reviews from Shopee after using the product.

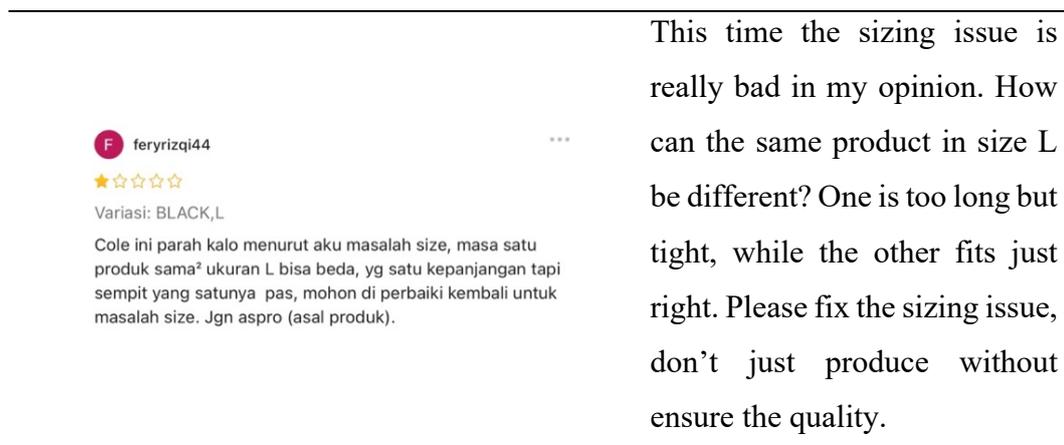| Negative Feedback	English Translation
wilharmutiarani · · · ★★☆☆☆ Variasi: BLACK,40 Kaki aku ukuran 40 dan selalu pakai ukuran 40 gak perna gak cocok tapi kali ini tidak cocok. Bahannya keras kaku kasar tidak nyaman dipake. Produk matahari tapi kok seperti kualitasnya sangat tidak puas	My shoe size is 40 and I always wear size 40, it has never been a problem. But this time it doesn't fit. The material is hard, stiff, rough, and uncomfortable to wear. It's a Matahari product, but the quality is really disappointing.
naylaapriliaputrinayla ★☆☆☆☆ Variasi: MISTY LIGHT BROWN,XL Udah jelas ada permintaan lain warna,dikirim jg warna y sama..biasakan membaca baru di kirim pesanan orang....	It was clearly requested in a different color, but the same color was sent, please make it a habit to read before shipping someone's order.
s***9** ★☆☆☆☆ Variasi: NAVY BLUE,L Warna gk sesuai sama foto. Logo jg gk sesuai sama foto. Sekelas matahari kok bisa kaya gini. Gk lagi beli disini	The color doesn't match the photo. The logo doesn't match the photo either. For a brand like Matahari, how can this happen? I won't buy here again.
ramlarusly ★☆☆☆☆ Variasi: CLASSIC RED,M Lengan yg kanan besar dan yg kiri kecil, pokok Kedua lengan tdk sama	The right sleeve is big and the left one is small. In short, the sleeves are not the same size.
brotheryoma ★☆☆☆☆ Variasi: WHITE,L maaf bahan panas, ga seperti yg di store offline 08 Mar Mei	Sorry, the material feels hot, very different with the product from offline store.

This time the sizing issue is really bad in my opinion. How can the same product in size L be different? One is too long but tight, while the other fits just right. Please fix the sizing issue, don't just produce without ensure the quality.

Figure 1. 5 Customer Review of PT. Matahari Department Store Tbk
Sources: Shopee Feedback Matahari Official Store, 2024

The negative reviews identified above highlight common issues that can significantly affect customer satisfaction and, consequently, repurchase intention. Customers have expressed dissatisfaction with the quality, size, and product accuracy of the items they purchased, which negatively impacts their perceived value of Matahari Department Store's offerings on Shopee. If these issues remain unaddressed, they will likely lead to customer churn and a decline in repurchase rates, underscoring the importance of improving customer satisfaction to foster greater repurchase intention. By focusing on enhancing product quality, ensuring size consistency, and aligning product appearance with online representations, PT Matahari Department Store Tbk can increase perceived value and customer satisfaction, which are crucial for boosting repurchase intention. This research, therefore, aims to explore the relationship between perceived value and customer satisfaction in influencing repurchase intention, with the goal of providing actionable insights to help PT Matahari optimize its Shopee store's performance and improve customer retention.

In the context of customer perceived value for PT. Matahari Department Store Tbk on Shopee, several factors influence how customers evaluate the benefits and usefulness of a product. When customers perceive a product as valuable and meeting their expectations, they are more likely to recommend it to others, enhancing its overall perceived value. A positive perceived value plays a crucial role in strengthening repurchase intention, as satisfied customers are more inclined to make repurchase intention. Furthermore, when customer satisfaction is improved through better product quality, pricing, and service, it further reinforces their loyalty and willingness to continue shopping at Matahari's Shopee store. Ultimately, optimizing perceived value and customer satisfaction can significantly impact Matahari's online sales performance and customer retention.

Shopee, as an e-commerce platform, along with other marketplace businesses, leverages social media and technological innovations to promote its brand. With people of all ages becoming increasingly tech-savvy and integrating technology into their daily lives, online platforms play a crucial role in shaping customer perceived value and influencing purchasing decisions. Shopee's target market includes a diverse audience, regardless of gender and age, making it a key player in shaping customer perceived value, satisfaction, and repurchase intention. To align with this study's focus on PT. Matahari Department Store Tbk on Shopee, the research will specifically analyze Shopee users in Indonesia who have made at least three transactions in the Matahari Official Store.

The study aims to develop comprehensive insights into the factors that influence consumers' intention to repurchase Shopee's home equipment products in

Indonesia by exploring these interconnected concepts. Moreover, the results of this study can provide valuable insights for strategic decision-making in e-commerce platforms, marketers, and businesses in the home equipment industry. This, in turn, can lead to improved consumer satisfaction and loyalty in the e-commerce sector.

The research result of Ariningsih Putu (2016) the variables of perceived value and customer satisfaction collectively have a positive influence on customer loyalty. This means that perceived value is one of the influencing factors for customer loyalty. The variable that has the most significant impact on customer loyalty, according to Wardhana et al. (2021), is the perceived value variable. According to research Tufahati Nurul (2021), customer satisfaction has a significant positive effect on repurchase intention. However, the results of the research by Zang et al. (2022) stated that perceived value has a significant positive impact on community interactions but has no significant effect on repurchase intention. This finding is not entirely consistent with existing research conclusions. Based on the background outlined above, the question arises as to whether Customer Perceived Value and Customer Satisfaction can influence customers' intentions to repurchase from Shopee. Given this issue, a study will be conducted to examine the interplay among variables under the title **"The Influence of Customer Perceived Value and Customer Satisfaction on Repurchase Intention: A Study of Customer PT. Matahari Department Store Tbk on Shopee "**.

1.2 Formulation of The Problem

Based on the background of the problem above, the problem can be formulated as follows:

1. Does Perceived Value have a positive influence on Repurchase Intention of PT. Matahari Department Store Tbk consumers through Shopee in Indonesia?

2. Does Perceived Value have a positive influence on Customer Satisfaction of PT. Matahari Department Store Tbk consumers through Shopee in Indonesia?

3. Does Customer Satisfaction have a positive influence on Repurchase Intention of PT. Matahari Department Store Tbk consumers through Shopee in Indonesia?

4. Does Perceived Value have a positive influence on Repurchase Intention through Customer Satisfaction of PT. Matahari Department Store Tbk consumers through Shopee in Indonesia?

1.3 Research Objective

When conducting research, it is necessary to establish boundaries so that the research can proceed as planned, and the research objectives must be known as a foundation so that the research does not lose its direction. According to the explanation that has been described, the following research objectives have been determined:

1. To analyse how the influence of customer perceived value on the purchase intention of the customer in the Shopee marketplace.

2. To analyze how the influence of customer satisfaction on the repurchase intention of the customer in the Shopee marketplace

3. To analyze how the influence customer perceived value and customer satisfaction on the repurchase intention of the customer in the shopee marketplace

1.4 The Benefit of the Study

This research is expected to have a number of benefits, which are:

1. For Academics

   This research is expected to generate information, enhance understanding and serve as a reference for future research on consumer behavior in purchasing decisions, particularly those involving customer perceived value and satisfaction.

2. For Researchers

   This research is expected to enhance researchers' insights and knowledge, particularly concerning consumer behavior in repurchase intention, especially those involving customer perceived value and satisfaction.

3. For Companies

   The information gathered of this study can be used as a study or input for related companies, specifically a PT. Matahari Department Store Tbk and shopee company, to solve a problem or carry out business development, allowing the company to conduct an evaluation and develop a policy to continue competing with its competitors.

4. For Other Parties

The conclusions and results of this study are expected to provide useful information and ideas for other researchers, as well as knowledge for consumers.Theoretical Framework

This section will describe the theoretical framework that supports and proves the contents of a scientific proposal. The research is based in the theoretical framework that examines the influence in Customer Behaviour, Customer Perceived Value, and Customer Satisfaction on Repurchase Decisions in the Shopee marketplace in Indonesia. Specifically, it draws upon the fundamental principles of Customer Behaviour, Perceived Value, Satisfaction, and repurchase decisions.

1.5 Theoretical Framework

1.5.1 Consumer Behavior

1) Definition of Consumer Behavior

Schiffman and Kanuk (2008) defined consumer behaviour as the process by which individuals choose how much of their time, money, and effort to spend on consuming goods. Consumer behaviour is the field of study that examines the actions and decisions made by individuals, groups, and organisations when selecting, buying, using, and disposing of goods, services, and ideas in order to satisfy their wants and needs, as defined by (Kotler & Keller, 2008). Furthermore, as stated by Sangadji & Sopiah (2014) consumer behaviour comprises all actions, including those occurring prior to, during, and after purchases, as well as the psychological processes that impact these actions.

There are many different roles that consumers can play in consumer behavior, including initiators, influencers, buyers, payers, and users. Consumers can be individuals or organizations, and they can behave in a variety of ways. According to Salomon (2012), consumer behaviour encompasses the decision-making processes that occur before to and after a purchase, as well as the actual act of purchasing, utilizing, and selling products and services.

2) Factors influencing Consumer Behavior

According to Kotler & Armstrong (2012), there are several factors that influence customer behavior. These elements include the following:

1. Cultural Factors

Cultural influences have the most significant influence on consumer behavior. Culture is the fundamental basis for human desires and actions. Culture refers to the core wants, attitudes, perceptions, and values that an individual acquires from their immediate family and immediate environment.

2. Societal Factors

Family, small groups, and customers' social roles and status might influence their consumer behavior. Several small groups that exert direct influence over human behavior have a substantial impact. A

group is a collection of two or more individuals collaborating to achieve shared or personal objectives.

3. Individual Factors

Consumer behavior is influenced not only by personal attributes like age, life stages, work, lifestyle, personality, and self-image, but also by the many periods of a family's life cycle and the stages in an individual's life.

4. Psychological Factors

Four psychological components that influence customer behavior are perception, knowledge, belief, and motivation. In order for someone to actively pursue a solution, a need must be sufficiently compelling. Perception refers to the cognitive process of choosing, arranging, and interpreting sensory data in order to construct a coherent understanding of the external environment.
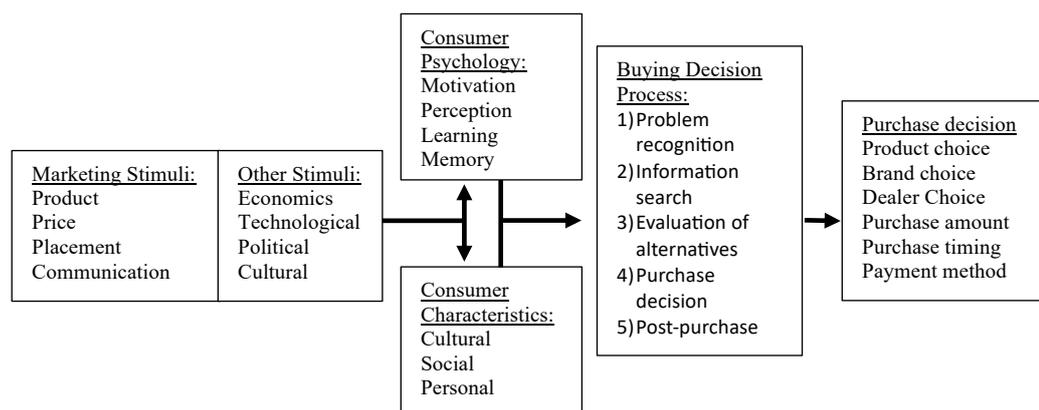
Figure 1. 6 Model of Consumer Behavior based on Kotler P. T., Keller K. L.
Source: https://www.semanticscholar.org/

The consumer behaviour model, as described by Kotler & Keller (2006), states that product, price, promotion, and place are the marketing stimuli. Events such as cultural, political, technological, and economic ones have a big impact on how consumers adjust to their surroundings. These are known as additional stimuli. The buyer's black box encompasses the integration of marketing and other stimulation, enabling the recipient to see and embrace the stimuli as a whole entity. Upon receiving the stimulus contained within the black box, consumers then react by making decisions regarding the amount and timing of their purchases, the choice of dealer, the selection of a certain brand, the selection of a particular product, or their repurchase decision.

1.5.2 Theory of Reasoned Action

The Theory of Reasoned Action (TRA), developed by Ajzen (2020), said that an individual's behavioral intentions are shaped by their attitude toward the behavior and subjective norms. This model has been foundational in understanding customer decision-making processes, particularly in contexts involving purchasing intentions, brand loyalty, and technology adoption. According to TRA, behavioral intention (BI) is a function of two key factors: (1) Attitude (A), which is the positive or negative evaluation of performing a particular behavior (e.g., repurchasing from a store or platform), and (2) Subjective Norms (SN), which represent the perceived social pressure to engage or not engage in the behavior.

In the context of this study, repurchase intention is the focal behavior, which is defined as the likelihood that a customer will purchase from PT. Matahari Department Store Tbk again through Shopee. TRA suggests that a customer's attitude toward Matahari's products and Shopee's services will heavily influence their intention to repurchase. Additionally, subjective norms, such as the influence of family, friends, and online reviews, will further shape these intentions.

Recent empirical studies highlight the continued relevance of TRA in consumer contexts. For instance, Roy (2022) found that attitude and perceived social influence significantly predicted online buying intentions, particularly among younger consumers. Similarly, Wang et al. (2022) demonstrated that trust and digital literacy act as moderating factors, which enhance or weaken the effect of subjective norms on repurchase behavior in e-commerce platforms like Shopee. The incorporation of these variables is essential for understanding the consumer's repurchase behavior at PT. Matahari Department Store Tbk on Shopee.

Furthermore, TRA supports the hypothesis that attitudinal and normative beliefs are key antecedents to consumer actions such as repurchase intention. A customer's positive evaluation of the perceived value of products and satisfaction with the purchase experience influences their intention to repurchase. In particular, perceived value, including aspects like quality, price, and convenience, and customer satisfaction with the Matahari shopping experience, directly contribute to the attitude

component of TRA. In turn, these attitudes lead to higher repurchase intention. Subjective norms, such as recommendations from family and friends or social media influencers, also play a role in strengthening or moderating this intention.

Therefore, applying the Theory of Reasoned Action in this context emphasizes that a customer's attitude toward Matahari's products and Shopee's platform, shaped by their perceived value and satisfaction, will predict their repurchase intention. As (Alalwan, 2018) suggest, this framework becomes more comprehensive when we consider external factors such as social influences and consumer experiences, which further support or challenge the attitude and behavioral intention of customers.

1.5.3   Perceived Value

1) Definition of Perceived Value

Zeithaml (2022) defines perceived value as the consumer's overall evaluation of a product's utility, based on the trade-off between what is received and what is given. The received component refers to the benefits gained from using the product, while the given component represents the sacrifices made to acquire it, including both monetary and non-monetary costs. In this context, Zeithaml (2022), categorizes value into four perspectives: (1) value as a low price, (2) value as the extent to which a product meets consumer needs, (3) value as the quality

obtained relative to the price paid, and (4) value as the balance between what is received and what is given.

According to research conducted by Gunawan et al. (2021), three key factors influence perceived value:

1. Loyalty. Loyalty refers to a consumer's commitment to consistently repurchase or continue purchasing a product over time.

2. Customer Satisfaction. Customer satisfaction measures the extent to which consumers feel satisfied with the products or services they receive from a company.

3. Consumer Trust. Consumer trust represents the willingness of customers to rely on a specific brand due to their perception that the brand provides beneficial value. As a result, they are less likely to switch to competing brands.

According to Syifa Johan et al. (2020), Perceived value refers to a customer's overall evaluation of the benefits associated with a product or service, including service quality, price, and emotional and social value. This assessment is based on the customer's perception of what they receive in exchange for what they give. Perceived value plays a crucial role in fostering customer loyalty, which ultimately influences purchase intentions. Furthermore, Sumarwan et al. (2020) suggest that perceived value can be developed using various approaches, such as:

1. Lifecycle Cost and Value Creation. There are six main sources of lifecycle costs that contribute to value creation: the purchase price, usage costs, maintenance costs, ownership costs, and disposal costs.

2. Price Performance and Value Creation. Performance measurement in total cost calculation is more complex than direct cost calculation. The features and functions of a product, which are part of its performance, can enhance product usage, ultimately saving money and creating value for customers.

3. Perceived Benefits and Value Creation. Relative value serves as the best indicator of customer value, incorporating performance, price, and economic aspects. However, customer evaluation of a product often goes beyond price and economic performance indicators. Customer value is also influenced by perceptions of brand reputation, service quality, and non-price-related costs.

4. Customer Benefits. The perceived total purchase cost depends on the company's competitiveness in terms of services, which may be perceived as more expensive than competitors. By understanding perceptions of total costs and benefits, companies can estimate the value created for consumers.

5. Emotional Benefits and Value Creation. Every individual has physical and psychological needs. Since many products carry

psychological connotations, value can be created through services or experiences that provide emotional benefits aligned with customer needs.

2) Dimension of Perceived Value

Understanding how customers perceive value and the kinds of value or dimensions that the company may provide is crucial, as perceived value is closely linked to the advantages of a product. Some researchers have discovered and advocated several aspects of value based on their theories. The Value Hierarchy Model categorizes value into three hierarchical levels: desired qualities, wanted consequences, and desired end-states or objectives and purposes. The lower levels serve as the means to attain the higher-level ends. Woodruff (1997) defined perceived value in this model as the consumer's subjective preference and assessment of the features, performance, and outcomes associated with a product. These factors either help or hinder the customer in obtaining their objectives and purposes in specific usage situations.
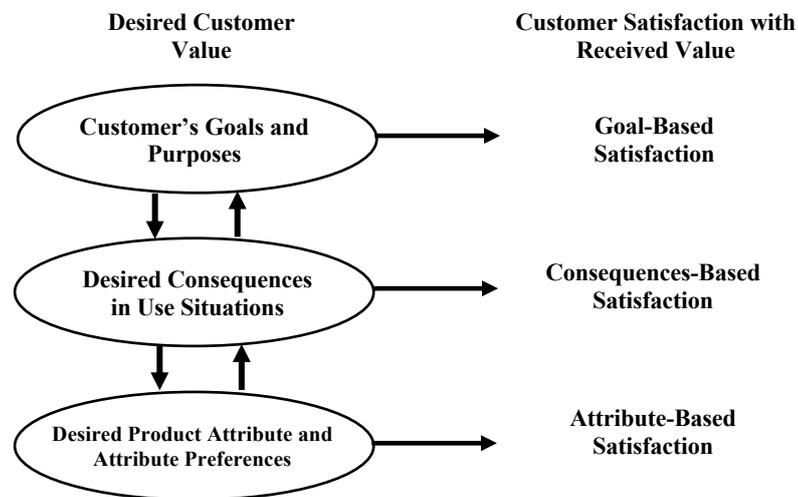
Figure 1. 7 Customer value Hierarchy Model
Source: (Woodruff, 1997)

According to Woodruff (1997), managers may more precisely define what they should know about the customers they serve with the use of this hierarchical approach. He argues that this approach goes beyond considering important buying criteria based on attributes, by also taking into account the repercussions in use situations that the seller should comprehend, as well as the goals that those consequences ultimately lead to. (Woodruff, 1997) introduced the notion of perceived value, which effectively explains the intricate nature of perceived value and the reasons for customers assigning different levels of importance to different benefits when assessing different products or services. Nevertheless, this model does not explain the different constituents or aspects of value (Sánchez-Fernández & Iniesta-Bonillo, 2007). Moreover, determining the specific preference traits that add to consumer value and

the desired consequences they seek is a challenging task. Managers may encounter difficulties in identifying precise features due to the varying likes and preferences of each buyer for the same product. According to Hauser et al. (2006), customers may possess numerous choice qualities and consequence value dimensions, which makes it unfeasible for firms to simultaneously cater to such a wide range of values. Furthermore, this paradigm is subject to criticism for disregarding the essential concept of perceived value: the balancing act between advantages and compromises. The customer's sacrifices throughout the pre-purchase stage, in-use stage, or post-use stage are not sufficiently addressed by it (Fuller et al., 2023).

According to Cherniece et al. (2016), value should be considered from two perspectives: the experiential perspective, which bases a product's value on the feelings or experiences that it evokes during consumption, including its symbolic and hedonistic aspects, and the utilitarian perspective, which bases a product's value on its performance or functions. As a result, the utilitarian and hedonic model was suggested, making a substantial contribution to the idea of perceived value. This approach facilitates a more comprehensive understanding of value by categorizing it into utilitarian and hedonic worth, so assisting other academics in gaining a more advantageous viewpoint. The division of value into two distinct categories is seen as the fundamental conceptualization of value in a multi-dimensional approach (Sánchez-

Fernández & Iniesta-Bonillo, 2007) upon which numerous further dimensions of value have been suggested.

Sheth et al. (1991) established a theory of consumption value that expands upon the utilitarian and hedonic viewpoints to create a more comprehensive theoretical framework of perceived value. This idea is grounded in customer decision-making, encompassing choices such as purchasing or delaying from purchasing, selecting between two products, or favouring one brand over another. According to Sukati et al. (2016) there are five distinct dimensions of value: functional value, which pertains to the practical or utilitarian purpose of the product; social value, which pertains to the perception of the product within society; emotional value, which pertains to the emotions evoked by using the product; epistemic value, which pertains to the curiosity or desire for knowledge or novelty-seeking that the product satisfies; and conditional value, which is derived from specific situations or circumstances faced by consumers.

Sheth et al. (1991) defined the concept of value into five dimensions: social, emotional, functional, epistemic, and conditional.

1. Functional value refers to the perceived utility or usefulness of the service.

2. Emotional value refers to the feelings or affective states that are produced as a result of the consumer experience.

3. Social value is contingent upon the level of acceptance by individuals and the quality of relationships within the social context.

4. Epistemic value refers to the capacity of a service to stimulate curiosity and fulfill the need for knowledge. An alternate brand can be selected to alleviate monotony with a current brand, fulfill a need to acquire knowledge or experience something novel, or respond to a heightened level of interest.

   It is crucial to assess customer perceived value by considering the cognitive and emotional aspects, as well as the several dimensions involved, in relation to the individual's experience as a consumer. The client determines the value of a product or service based on its utility or usefulness. Although the firm is capable of developing and conveying value propositions, it is ultimately the customer, rather than the firm, who generates value through dynamic and context-specific processes that produce value (Heinonen et al., 2010).

5. Conditional value refers to the influence of situational conditions, such as disease or certain social situations, on the perceived worth or importance of something (Sheth et al., 1991).

   According to Sweeney & Soutar (2001), perceived value is the consumer's overall assessment of the benefits of a product or service based on their perception of what is received versus what is sacrificed.

It represents the balance between the benefits obtained and the sacrifices made by consumers. Sweeney & Soutar (2001) identified four indicators of perceived value:

1. Emotional Value. The benefit consumers perceive is based on the emotions a product or service evokes. This includes feelings of happiness, pride, or enjoyment that enhance the consumer's experience.

2. Social Value. The advantage gained from using a product or service that improves social status or image. It reflects how a product influences others' perceptions of the consumer.

3. Value for Money. The consumer's evaluation of whether the benefits of a product or service justify its cost. It involves comparing price and quality, ensuring the product provides a fair exchange for the money spent.

4. Performance Value. The functional and practical benefits of a product or service, including its reliability, durability, and effectiveness in fulfilling consumer expectations.

Perceived value refers to the alignment between what consumers sacrifice and the benefits or value they receive from a product or service. It represents the consumer's assessment of the perceived value, based on the difference between what is consumed and what is spent to acquire the product or service (Kotler & Keller, 2016). According to Rahab et al. (2015), the concept of perceived value involves a trade-off

between two key elements: consumer expectations and the benefits received. This means that perceived value can be understood as the comparison between what consumers expect and the actual advantages they gain from a product or service.

1.5.4 Customer Satisfaction

1) Definition of Customer Satisfaction

Customer Satisfaction is the outcome of customers evaluating the perceived level of advantages against their expected benefits (Swastha & Irawan, 2008). Customer satisfaction, as described by Tjiptono (2008) is the outcome of an emotional reaction to the experiences associated with a certain acquired product or service.

A wider knowledge is possible because, as Hasan (2013) points out, there are many different ways to define consumer happiness. Customer satisfaction or dissatisfaction is the result of the customer's assessment of the difference between their expectations before purchasing a product and the actual performance of the product after using it.
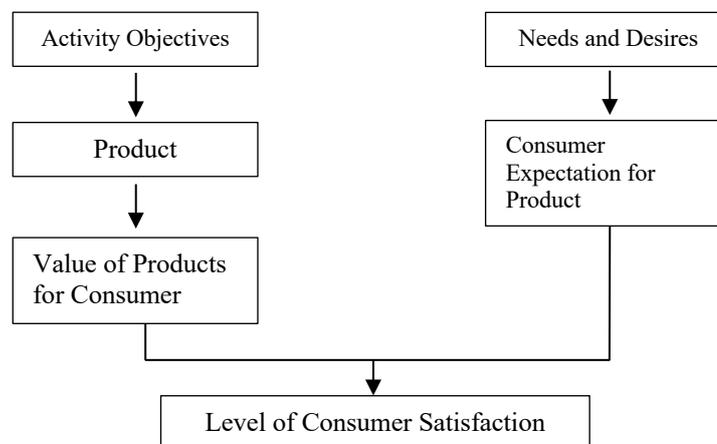
Figure 1. 8 Customer Satisfaction Concept
Source: (Tjiptono, 2008)

According to the customer satisfaction model, in general, customer expectations are the estimations or beliefs that the customer has regarding what they will receive, whereas performance is the customer's perception of what they have gotten.

Based on the definitions previously explained, according Kotler & Keller (2012), customer satisfaction refers to an individual's emotional response of contentment or dissatisfaction that arises from comparing the perceived performance or outcome of a product with their expectations. From the information provided, we can deduce that customer satisfaction refers to the feedback provided by customers regarding the assessment of a product's performance following its use.

Swastha & Irawan (2008) have identified specific attributes for measuring customer happiness, which include the following:

a) Satisfaction refers to the emotional state experienced by clients when they receive high-quality products and services from the bank. It encompasses both positive and negative expressions of contentment or dissatisfaction.

b) Customers will engage in repeat purchases of products if their expectations are satisfactorily realised.

c) Customer advocacy: Satisfied consumers who are willing to suggest a bank to others might effectively generate new clients through sharing their positive experiences.

d) Customer satisfaction refers to the extent to which the quality of a product or service matches the customer's expectations after making a purchase.

According to Tjiptono (2020) customer satisfaction is influenced by five key factors:

1) Product quality. Product quality ensures reliability, durability, and alignment with expectations.

2) Service quality. Includes responsiveness and after-sales support.

3) Price. Must reflect the perceived value of the product.

4) Delivery time. Impacts satisfaction by ensuring timely fulfillment.

5) Security. Including transaction safety and data protection, enhances customer trust.

By meeting these criteria, businesses can improve customer retention and brand advocacy. Sharma & Srivastava, (2018) identified five parameters for assessing customer satisfaction:

1) Reasonable price.

2) Ensuring that the performance and quality of products and services meet or exceed expectations.

3) Factors to consider while selecting comparable companies.

4) Providing favourable endorsements of products or companies to others.

5) The ease of reaching the desired destination.

1.5.5   Repurchase Intention

1)   Definition of Repurchase Intention

Repurchase intention, as defined by Kotler & Keller (2009) refers to the range of client responses that indicate a desire to make repeat purchases. Repurchase intention refers to the proactive step performed by a consumer prior to finalising a purchase choice. According to Zaytun & Sari (2023), repurchase intention refers to a customer's intention to make repeated purchases. As per Hellier et al. (2003), repurchase intention refers to the deliberate thought process that individual goes through when deciding to buy products and services. This decision-making process involves considering factors such as conditions and experiences following a previous purchase.

Lathifah Raihana et al. (2024) define repurchase intention as the inclination of a buyer to buy a product or service again. This scenario occurs when the resulting product fulfils the consumer's expectations, resulting in contentment. Moreover, a brand that has deeply embedded itself in the consumer's psyche will stimulate the consumer's inclination to make repeat purchases.

Repurchase intention refers to a customer's inclination to buy or engage in a transaction again with things that they have previously purchased in the future. The inclination to make a repeat purchase emerges once a client has made an initial purchase of a product (Dewi & Ekawati, 2019). The high level of consumer satisfaction with the product/service indicates that the product surpasses customer expectations. The company will derive advantages from the acquisition of products repeatedly. As clients make more frequent repeat purchases, the company's revenues will improve, leading to higher profitability. Ferdinand (2014) identifies various indications of repurchase intention, including:

a) Transactional interest refers to a consumer's inclination to buy again goods or services that they have previously purchased.

b) Referential interest refers to a consumer's inclination to recommend a product or service to their close acquaintances based on their previous experience of using it.

c) Preferential interest refers to a consumer's deliberate choice of giving higher priority to a product that is regularly consumed.

d) Exploratory interest refers to the enthusiasm one has when actively seeking additional information about a product prior to making a purchase.

1.6 Correlation Between Relationship Variables

1.6.1   The Influence of Customer Perceived Value on Repurchase Intention

In the context of online shopping, perceived value refers to the way that customers evaluate the main features, functions, or usefulness of a product or service, and it has a big impact on their choice to buy (C. F. Chen & Chen, 2010). For e-commerce platforms, this includes elements such as website usability, product diversity, and delivery efficiency, all of which contribute to improving the user experience (Eggert & Ulaga, 2002). Seamless browsing, detailed product information, and a streamlined checkout procedure are essential factors that improve consumers' perception of the usefulness of a product, ultimately resulting in greater satisfaction and a higher likelihood of making future purchases.

Perceived social value according to Gan & Wang (2017) in e-commerce pertains to the way consumers perceive the online shopping experience based on social, economic, or cultural connotations. E-commerce enterprises that exhibit social responsibility, such as implementing ecologically sustainable procedures or making donations to societal issues, have a favourable influence on consumers' perception of

their social worth. Consequently, this promotes trust and loyalty, resulting in an increased intention to buy. Positive reviews, social proof, and user-generated content are important factors that influence consumers' impression of social worth and their decision to repurchase (Maskuroh et al., 2022) from an e-commerce platform.

Perceived emotional value in e-commerce refers to the emotional connection that consumers form with a product or service when they are purchasing online (Asshidin et al., 2016). Customised suggestions, interactive functionalities, and captivating material have the potential to elicit favourable feelings, hence improving the whole retail encounter. For example, customised product recommendations derived from previous purchases or browsing history can foster a feeling of connection and contentment, resulting in recurring purchases. E-commerce enterprises that place emphasis on customer experience and emotional involvement are more inclined to cultivate loyalty and stimulate repurchase intention among consumers (N. Chen & Yang, 2021).

Perceived risk value in e-commerce according to Tzavlopoulos et al. (2019) pertains to the way consumers perceive the potential hazards linked to online shopping, including concerns about security, product quality, and delivery reliability. In order to tackle these concerns, e-commerce platforms need to incorporate strong security measures, ensure clear and comprehensive product information, and offer flexible return policies. Establishing trust and credibility by using secure payment

channels, showcasing customer feedback, and offering guarantees can effectively reduce perceived risks and enhance consumers' confidence in making subsequent transactions. In the competitive e-commerce industry, increasing consumers' trust and loyalty by minimising perceived risk ultimately leads to higher repurchase intention.

1.6.2 The Influence of Customer Satisfaction on Repurchase Intention

Customer satisfaction is not merely a measurement, but rather a crucial factor that influences the probability of customers making future purchases and maintaining loyalty in the ever-changing realm of e-commerce (Johnston & Marshall, 2009). In the expansive internet industry, where options are plentiful and rivalry is intense, contented clients are more inclined to make further purchases and endorse the businesses they have confidence in.

Customer satisfaction in e-commerce refers to a wide range of variables that have a direct bearing on the desire to make another transaction (Ilieva et al., 2022). The quality and range of products offered on an e-commerce platform are of utmost importance. Customers are more likely to return to the platform for future transactions when they receive products of superior quality that match or beyond their expectations. Favourable product encounters foster a feeling of confidence and dependability, which in turn influences the desire to make repeat purchases. Moreover, the entirety of the buying process, encompassing browsing through to the final checkout, has a substantial impact on customer

satisfaction and consequent repeat purchase behaviour. E-commerce platforms that prioritise user experience by offering straightforward navigation, personalised suggestions, and seamless checkout processes have a significant impact on customers (Singaraju & Niininen, 2021). An effortless and pleasurable purchasing experience cultivates favourable sentiments and enhances the probability of repeat customers. Punctual and dependable delivery is another vital element in influencing consumer satisfaction and desire to make repeat purchases in the field of electronic commerce. Customers perceive value and feel a sense of appreciation when orders are delivered promptly and in excellent shape. Conversely, delays or problems with delivery can annoy and discourage repeat orders. Hence, it is vital to have effective logistics and clear communication regarding delivery timetables to uphold elevated levels of satisfaction and foster customer loyalty.

Additionally, encouraging repurchase intention is greatly influenced by fast and friendly customer service (Yeo et al., 2017). Customers who obtain timely assistance and solutions to their issues or complaints feel supported and cherished by the e-commerce brand. Favourable engagements with customer service personnel enhance overall contentment and establish confidence, consequently impacting customers' decision to select the business again for their future requirements. Emotional involvement and a strong connection to a brand play a crucial role in influencing the desire to make repeat purchases in online commerce.

Brands that establish a profound connection with customers (Gensler et al., 2013), either through captivating narratives, shared principles, or unforgettable brand encounters, cultivate robust emotional attachments. These affective bonds foster client loyalty, increasing the likelihood of repeat purchases and positive brand recommendations. However, consumer satisfaction and repurchase intention in e-commerce are closely interconnected (J. H. Prasetyo et al., 2021). E-commerce firms may nurture delighted clients who are loyal advocates and repeat purchasers by supplying superior product quality, enhancing the shopping experience, guaranteeing prompt delivery, offering good customer support, and fostering emotional ties with customers.

1.6.3 The Influence of Customer Perceived Value and Satisfaction on Repurchase Intention

Customer perceived value and satisfaction are crucial factors that greatly impact the probability of customers making repeat purchases (Kartika et al., 2021) in the field of online commerce. Customers' views of value and happiness significantly influence their likelihood of returning for future purchases and cultivating long-term loyalty as they navigate the online marketplace.

Customer perceived value, as it relates to e-commerce, includes both the perceived advantages and disadvantages of a good or service. Customers are more likely to make repeat purchases (Maskuroh et al., 2022) on a platform when they feel that they are getting a good value in

relation to the cost and effort they put in. Customers' perceived value in e-commerce is influenced by factors such as product quality, pricing, promotions, and the whole shopping experience (Wardhana et al., 2021). Furthermore, customer happiness in the field of electronic commerce is intricately linked to the perception of value and has a pivotal impact on the likelihood of repeat purchases. Customer satisfaction, which encompasses aspects like as product quality, delivery, customer service, and website usability, increases the likelihood of customers perceiving value in their transactions and expressing an intention to make future purchases from the same platform.

The relationship between customer satisfaction and perceived value is constantly changing and mutually strengthening (El-Adly, 2019). Customers' views of value are enhanced by a positive shopping experience since they receive satisfaction from fulfilling their requirements and preferences. In contrast, when customers sense a significant level of worth in their purchases, it enhances their overall pleasure with the e-commerce platform and strengthens their intention to make future purchases. Furthermore, e-commerce firms can utilise client feedback and analytics to consistently improve both the perceived value and satisfaction. By actively attending to the requirements of customers, resolving their concerns, and enhancing their products or services, brands can enhance their unique selling points and cultivate more contentment among customers, ultimately stimulating their inclination to make repeat

purchases. To summarise, customer perceived value and satisfaction play a crucial role in influencing repurchase intention (Miao et al., 2022) in the field of e-commerce. E-commerce brands can cultivate loyal customers who are more likely to repurchase and advocate for the brand by offering quality products, competitive pricing, and a seamless shopping experience. Additionally, prioritising customer satisfaction through responsive service and personalised interactions contributes to the high perceived value delivered by these brands.

1.7 Previous Research

In conducting this research on the influence of customer perceived value and price on repurchase intention, it is essential to draw upon previous studies to provide a basis for comparison and reference. Some of the previous researchers that have been utilized in this study include:

Table 1. 2 Previous Research

Author	Research Title	Variable	Conclusion
Pambudi, Restu. Manggabarani, Alfatih Sikki. Supriadi, Yudi Nur. Setiadi, Iwan Kresna. (2025)	Boosting repurchase rates in B2C e-commerce: the role of customer satisfaction and relationship factors. (Pambudi et al., 2025)	1) Customer Satisfaction 2) E-WOM 3) Repurchase Intention 4) E-Trust 5) E-Service Quality 6) E-Promotion	There is a strong positive relationship between trust and satisfaction among Indonesian e-commerce customers. The structural model shows a significant and positive relationship between e-service quality and

			customer satisfaction in the Indonesian e-commerce market. Additionally, customer satisfaction has a statistically significant positive effect on repurchase intention.
Prasetyo, Johan Hendri. Prakoso, Bobby Suryo. Wiharso, Gani. Fabrianto, Luky. (2021)	E-Commerce: The Importance Role Of Customer Perceived Value In Increasing Online Repurchase Intention. (J. Prasetyo et al., 2021)	1) E-Service Quality 2) Ease of Use 3) Store Image 4) Online Promotion 5) Customer Value Perception 6) Online Repurchase Intention	Customer value perception indirectly plays an important role in increasing the influence of e-service quality, ease of use, store image, and online promotion on online repurchase intention, E-service quality, ease of use, store image, online promotion, and customer value perception can directly increase the online repurchase intention in e-commerce at Indonesia.
Hui, Guan. Mamun, Abdullah Al. Reza, Muhammad Nurul Hasan. Hussain, Wan Mohd Hirwani Wan. (2025)	An empirical study on logistic service quality, customer satisfaction, and cross-border repurchase intention. (Hui et al., 2025)	1) Perceived Value 2) Service quality 3) Repurchase Intention	Each item within the repurchase intention variable demonstrates a correlation coefficient, The perceived value variable has a positive and significant effect

			on consumer satisfaction and repurchase intention. The study confirms that higher perceived value of Shopee's products and services correlates with a stronger intention among customers to s
Fauzi, Muhamad Ardan. Udayana, Ida Bagus Nyoman. Hutami, Lusia Tria Hatmanti. (2022)	The Effect Of Perceived Ease Of Use And Service Quality On Customer Loyalty Through Repurchase Intention As Intervening Variables (Case Study: Gofood Customers In Yogyakarta City) (Fauzi et al., 2022)	1) Perceived Ease 2) Service Quality 3) Customer Satisfaction 4) Repurchase Intention	Perceived ease of use has a positive and significant influence on repurchase intention. The service quality variable also has a positive and significant impact on repurchase intention. Additionally, the repurchase intention variable positively and significantly affects customer loyalty.
Rizki Oktaviani (2024)	Investigating the Impact of Perceived Value and Customer Satisfaction on Repurchase Intentions Among Female E-Commerce Customers. (Oktaviani, 2024)	1) Perceived Value 2) Customer Satisfaction 3) Repurchase Intention	The study confirms that higher perceived value of Shopee's products and services correlates with a stronger intention among customers to shop again. Moreover, customer

			satisfaction notably contributes to repeat purchase behavior, indicating that greater satisfaction with the shopping experience on Shopee leads to a higher likelihood of returning to the platform. Thus, when customers perceive high value and experience satisfaction, they are more inclined to revisit Shopee for future purchases.
Laia, Pastikan. Handini, Sri (2022)	The Influence of Product Quality, Service Quality, and Perceived Quality on Repurchase Intention with Customer Satisfaction as an Intervening Variable: A Study of XXYZ Surabaya Store Customers. (Laia & Handini, 2022)	1) Product Quality 2) Customer Perceived Value 3) Service Quality 4) Customer Satisfaction 5) Repeat Purchase	The independent variables (product quality, service quality, and perceived quality) significantly influence the intervening variable, customer satisfaction. However, perceived quality does not have a direct effect on repurchase intention, and product quality does not have an indirect effect on repurchase intention.

| Mayasari Yati. Gintinga, Teddy Chandra. Ikas Miran. Yusriadi, Yusriadi. (2023) | Repurchase intention of e-commerce customers in Indonesia: An overview of the effect of e-service quality, e-word of mouth, customer trust, and customer satisfaction mediation. (Ginting et al., 2023) | 1) E-Service Quality
2) E-WOM
3) Customer Trust
4) Customer Satisfaction
5) Repurchase Intention | E-service quality has a positive and significant effect on customer satisfaction. Improving e-service quality can increase customer satisfaction or customer satisfaction for e-commerce customers in Indonesia. Customer trust has no significant effect on repurchase intention. High or low customer trust does not have a significant effect on the repurchase intention of e-commerce customers in Indonesia. Customer satisfaction has a positive and significant effect on repurchase intention. |

Source: The data was obtained from previous research

This research investigates the influence of perceived value and customer satisfaction on repurchase intention in the context of PT Matahari Department Store Tbk customers shopping on Shopee, contributing to the growing body of literature on e-commerce and consumer behavior. Previous studies highlight the significant role of perceived value and customer satisfaction in driving repurchase intentions

across various e-commerce platforms, emphasizing the importance of service quality and customer experience. However, limited research has specifically examined the relationship between these factors within the PT Matahari Department Store Tbk context, particularly on the Shopee platform, where user experiences may differ from traditional or other online shopping experiences. This research is timely and urgent, as it addresses a gap in the literature by focusing on a prominent Indonesian retailer and exploring the digital customer experience in a cross-platform e-commerce setting. Understanding these dynamics will provide actionable insights for PT Matahari Department Store Tbk to enhance customer loyalty, optimize their online presence, and ultimately drive higher repurchase rates in the rapidly evolving e-commerce market.

1.8 Hypothesis

A hypothesis is a provisional solution to a study subject that is intended to be tested for its validity. The author aims to test the following hypotheses:

H_1: There is a positive relationship between customer perceived value (X) and repurchase intention (Y) on PT. Matahari Department Store Tbk in Shopee Indonesia.

H_2: There is a positive relationship between customer satisfaction (Z) and repurchase intention (Y) on PT. Matahari Department Store Tbk in Shopee Indonesia.

H_3: Customer perceived value (X) positively influences customer satisfaction (Z) on PT. Matahari Department Store Tbk in Shopee Indonesia.

H$_4$: Customer satisfaction (Z) mediates the relationship between customer perceived value (X) and repurchase intention (Y) on PT. Matahari Department Store Tbk in Shopee Indonesia.
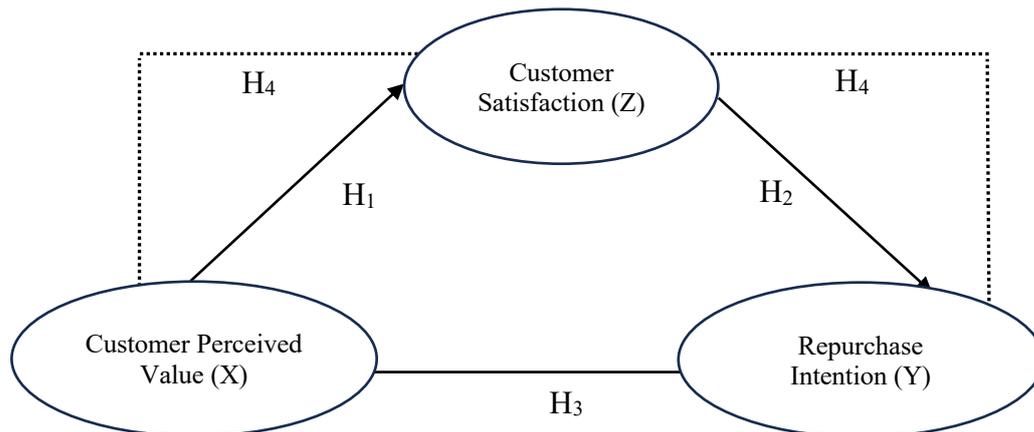
Description:

1) Customer Perceived Value (X): Independent Variable

2) Customer Satisfaction (Z): Mediating Variable

3) Repurchase intention (Y): Dependent Variable

1.9 Conceptual Definition

According to (Singarimbun & Effendi, 2013), the conceptual definition makes use of the meaning of the idea, which makes the concept's application in the area more accessible to academics. For this reason, the conceptual definition that is being discussed in this investigation is a component of the stage that will provide an explanation concerning the limitations of understanding in relation to the items

that will be observed. Every single one of the following study variables has the potential to account for the definition of the conceptual of the following:

1) Perceived Value

    Perceived value, as defined by Zeithaml (2022) refers to the outcome of an individual's evaluation of the advantages obtained and the trade-offs made following a transaction. This assessment process involves carefully considering the advantages gained compared to the perceived disadvantages experienced during the process of obtaining and using something. Organisations can develop a competitive edge and nurture lasting connections with their customers by matching their product or service offerings to customer wants and preferences, addressing important factors that provide value, and consistently monitoring and adjusting tactics based on customer feedback.

2) Customer Satisfaction

    Customer satisfaction is the result of the combined experiences that customers enjoy when using products and services. (Swastha & Irawan, 2008) found that when consumers find that a product they have bought and utilised is of exceptional quality, they feel satisfied. Satisfaction is derived by meeting consumers' expectations and requirements, leading to a positive assessment of their overall experience.

    Customer satisfaction is a multifaceted notion that is affected by several factors, such as the product's performance, reliability, and longevity, as well as the effectiveness of the service provided. A high degree of customer satisfaction indicates that the product or service has met or exceeded the client's

expectations, which is crucial for fostering customer loyalty and encouraging repeat purchases.

Customer satisfaction can be measured through various methods, including surveys, feedback forms, and face-to-face interactions with customers. Enterprises can leverage these insights to identify areas for improvement, optimise their services, and ensure a consistent satisfaction of their customers' needs and preferences. By prioritising customer satisfaction, companies can develop strong and long-lasting relationships with their clients, resulting in sustainable success.

3) Repurchase Intention

Repurchase intention is a personality feature that appears in reaction to certain conditions that indicate a customer's interest in making repeat purchases (Kotler & Keller, 2009). This concept emphasises the customer's propensity to repurchase a product or service following an initial purchase, influenced by their pleasure and overall experience with the product or service. Repurchase intention is determined by various aspects, such as the perceived value, quality, and satisfaction obtained from the initial buy. It indicates the probability of clients being loyal to a certain brand or service, hence showcasing brand loyalty and contributing to sustained company success. Comprehending and quantifying repurchase intention can offer useful insights for firms aiming to improve customer retention and cultivate long-lasting connections with their customers.

1.10   Operational Definition

According to Sugiyono (2011), an operational definition of a variable refers to anything the researcher identifies for examination to gather information and derive conclusions. This process is essential in research, as it ensures that variables are clearly defined, measurable, and free from ambiguity, allowing for accurate data collection and interpretation. By establishing precise operational definitions, researchers can enhance the reliability and validity of their study findings.

1.10.1 Independent Variable

1.10.1.1   Customer Perceived Value (X)

(Sweeney & Soutar, 2001) devised the Perceived Value Scale (PERVAL) to measure the concept of Perceived Value. This scale comprises four factors:

A. Performance Value

   When making a purchase, consumers consider various factors, with sales from PT. Matahari Department Store Tbk in Shopee Indonesia being paramount. Consumers are willing to pay a higher price without hesitation when the product they're buying is of good or high quality, to meet their needs and desires. This can be broken down into components such as:

   1) Reliability

   2) Effectiveness in fulfilling consumer expectations

B. Emotional Value

Beyond economic considerations, consumers also weigh the emotional aspects of purchasing a product from PT. Matahari Department Store Tbk in Shopee Indonesia. Purchasing activities can fulfil psychological needs, resulting in feelings of comfort and enjoyment. This can be exemplified by experiences such as:

1) Feeling content and at ease after using the PT. Matahari Department Store Tbk's product.

2) PT. Matahari Department Store Tbk's products evoke positive perceptions and provide satisfaction.

C. Value for Money

The price of product from PT. Matahari Departement Store Tbk in Shopee Indonesia, whether tangible or intangible, indicates its intrinsic value and significantly influences consumer decisions. This can be illustrated by examples such as:

1) Cost-effective and relevant product from PT. Matahari Department Store Tbk in Shopee Indonesia pricing.

2) Pricing aligned with the product from PT. Matahari Department Store Tbk in Shopee Indonesia product's value or benefits.

3) Appropriately priced from PT. Matahari Department Store Tbk in Shopee Indonesia products.

D. Societal Value

Social value refers to PT. Matahari Department Store Tbk in Shopee Indonesia product's ability, tangible or intangible, to enhance a consumer's social life. This can be exemplified by characteristics such as:

1) PT. Matahari Department Store Tbk in Shopee Indonesia's products are embraced within specific social circles.

2) Products capable of creating a positive impression on others.

Table 1. 3 Matrix of Perceived Value Variables

Variable	Conceptional Definition	Dimension	Indicator	Item
Perceived Value	Perceived value is the alignment between what consumers sacrifice and the benefits or value they receive from a product or service. It represents consumers' assessment of the value they perceive, which is based on the difference between what they consume and what they expend to obtain the	Performance Value	1. Reliability	1. The products of PT. Matahari Department Store Tbk are of good quality and reliable.
			2. Effectiveness in fulfilling consumer expectations	2. The products offered by PT. Matahari Department Store Tbk are consistent with the advertised descriptions, providing comfort, durability, and style as expected by customers.

product or service (Kotler & Keller, 2016).	Emotional Value	1. Feeling content and at ease	1. The presence of feelings of happiness, pride, and satisfaction among customers using PT. Matahari Department Store Tbk's products on Shopee.
		2. Evoke positive perceptions and provide satisfaction	2. The experience customers feel while using PT. Matahari Department Store Tbk's products.
	Value of Money	1. Cost-effective and relevant product	1. The benefits obtained from PT. Matahari Department Store Tbk's products are proportional to the price paid by consumers.
		2. Pricing aligned with the product	2. The products and services provided by PT. Matahari Department Store Tbk offer good quality at a reasonable price.

		3. Appropriately priced	3. PT. Matahari Department Store Tbk's products are affordable compared to alternative products.
	Societal Value	1. Embraced within specific social circles	1. The use of PT. Matahari Department Store Tbk's products enhances consumers' self-confidence.
		2. creating a positive impression on others.	2. PT. Matahari Department Store Tbk's products contribute to a positive self-image for consumers.

1.10.1.2 Customer Satisfaction (Z)

According to Swastha & Irawan (2008), customer satisfaction is the positive assessment that results when consumers find that the products and services they have purchased and used meet their expectations and requirements, leading to a sense of fulfilment and exceptional quality experience. Customer satisfaction encompasses the overall sense of enjoyment and fulfillment experienced by customers throughout the entire product purchasing process. This can be expounded upon by the following elements:

1) Customers experience contentment and fulfilment with all aspects related to the product they have acquired.

2) Alignment with expectations denotes the level of customer satisfaction that aligns with their expectations regarding the purchased product. This can also be evidenced by the favorable reviews provided by customers.

3) Customers perceive that the goods they acquire fulfil their expectations and desires.

4) The product receives favorable feedback from customers.

Repurchase intention signifies the inclination of buyers to repurchase the same item due to their satisfaction with the initial purchase. This can be explicated by the following elements:

1) Customers intend to make a repeat purchase of the goods or service.

2) Willingness to recommend refers to the post-purchase behavior of customers who endorse the goods they have bought to others. This phenomenon arises due to customers' satisfaction with their acquired product, prompting them to share their positive experiences with others. Customers will endorse the item they bought to others.

According to Tjiptono (2020), customer satisfaction consists of five main indicators:

1) Product quality. A product must conform to its specifications, ensuring it matches the description provided. Reliability, or consistent performance, adds to a product's value, ensuring it functions properly over time.

2) Service quality. Affects customer experience before, during, and after a purchase. Responsiveness refers to how quickly a business addresses inquiries and complaints. Lastly, after-sales service, such as warranties and customer support, enhances trust and satisfaction.

3) Price. Perceived value for money evaluates whether the product's quality justifies its price.

4) Delivery time. This is a critical element in online shopping, impacting overall satisfaction. The most important par tis a punctuality because it can ensures that products arrive within the promised timeframe.

5) Security. Safe payment methods, including secure transactions and fraud protection, ensure that customers feel confident when making purchases. Data privacy safeguards customer information, preventing misuse.

Table 1. 4 Matrix of Customer Satisfaction Variables

Variable	Conceptional Definition	Dimension	Indicator	Item
Customer Satisfaction	Customer Satisfaction refers to an individual's emotional response of contentment or dissatisfaction that arises from comparing the perceived performance or outcome of a product	Product Quality	1. Reliability 2. Performance	1. The products offered by PT. Matahari Department Store Tbk meet customer expectations. 2. Customer behavior reflects satisfaction due to the high quality of the products, which align with the

with their expectations (Kotler & Keller, 2012).			promised specifications upon delivery.
	Service Quality	1. After-Sales Service	1. The services provided by PT. Matahari Department Store Tbk, from the ordering process, delivery, to after-sales service, meet my expectations.
		2. Responsive-ness	2. The services offered by PT. Matahari Department Store Tbk, including friendliness, speed, responsiveness to complaints, and problem-solving abilities, are excellent.
	Price	Value for money	The products offered by PT. Matahari Department Store Tbk are competitively priced while maintaining high quality and meeting customer expectations.

	Delivery Time	Punctuality	The products and services in the delivery process are received on time as promised.
	Safety	1. Safe payment methods	1. A sense of security arises when the product performance and services received meet or even exceed consumer expectations.
		2. Data privacy	2. A sense of security is felt during transactions, supported by guarantees for personal data protection in online transactions.

1.10.2 Dependent Variable

1.10.2.1 Repurchase Intention (Y)

The intention to make repeat purchases, particularly on the e-commerce site Shopee, is a measure of how likely customers are to carry out a particular behaviour (in this case, making repeat purchases). In this study, the level of Repurchase Intention can be assessed using several research indicators, according to (Kotler & Keller, 2012), repurchase intention consists of four main indicators:

1) Transactional interest. Customer propensity for repeat purchases.

2) Referential interest. Inquiring about information regarding the required products.

3) Preferential interest. Primary product preference

4) Exploratory interest. Regarding the act of mentioning or alluding to other individuals.

Table 1. 5 Matrix of Repurchase Intention Variables

Variable	Conceptional Definition	Dimension	Indikator	Item
Repurchase Intention	According to (Kotler & Keller, 2009), repurchase Intention refers to the range of client responses that indicate a desire to make repeat purchases.	Transactional interest	Repeat purchases	Tends to repurchase PT. Matahari Department Store Tbk products after using the purchased product.
		Referential interest	Inquiring about information regarding the required products	Tends to recommend PT. Matahari Department Store Tbk products to others due to satisfaction after using them.
		Preferential interest	Product preference	The desire or interest felt by consumers to purchase PT. Matahari Department Store Tbk products over other brands.
		Exploratory interest	Mentioning or alluding to other individuals	Consumers' desire to continuously seek information about PT. Matahari Department Store Tbk products, either

	independently or through others.

1.11 Research Methods

1.11.1 Research Type

It is an approach of research that aims to provide explanations in quantitative studies. Explanatory research is employed when the author seeks to investigate the causes and influencing factors behind a certain situation or circumstance. The researcher not only provides a description of the events but also endeavours to offer an interpretation of the underlying causes and the resulting implications. The author's objective is to uncover the correlation between two or more variables. The author is required to put forth hypotheses as first assumptions in order to explain the relationship between variables.

1.11.2 Population and Sample

1.11.2.1 Population

Sugiyono (2012) states that the population is the entirety of the elements that make up the thing or subject that is going to be measured, analysed, and researched. The concept of population encompasses not only the quantity of items or subjects under study but also encompasses the specific attributes and qualities associated with each of those objects and individuals. The population for this study includes customers from PT Matahari Department Store Tbk on Shopee.

1.11.2.2 Sample

According to Sugiyono (2017), sample refers to a subset of the population chosen using specific methods, possessing distinct, well-defined characteristics that

are deemed representative of the entire population. If the population scope is too large, the researcher will use a sample to represent the defined population due to limitations in time, effort, funding, and capability. (Cooper & Schindler, 2003) stated that a sample of 100 is usually enough to represent the population and collect the needed data. In this study, the sample includes 100 respondents who are customers of PT Matahari Department Store on Shopee.

The sampling technique in research is crucial for determining the respondents, ensuring effective data collection. In this study, the researcher uses a Probability sampling method. Probability sampling is a sampling method where every member of the population has an equal chance of being selected (Sugiyono, 2017). Meanwhile, purposive sampling, which involves selecting samples based on specific criteria, is also applied in this study (Sugiyono, 2019). The criteria for respondents in this sampling process are as follows:

1. At least 17 years old.

2. Domiciled in Semarang.

3. An active user of the Shopee e-commerce platform.

4. Has made at least three purchases from the Matahari Official Store on Shopee.

5. Have interaction with PT. Matahari Department Store Tbk's customer service on Shopee.

6. Willing to complete the questionnaire for research purposes.

1.11.3 Data Types and Sources

Explanatory research is the term for this type of research, which examines how one variable interacts with another. For the researchers, Repurchase Intention is the dependent variable, while Customer Perceived Value and Customer Satisfaction are the independent variables. Data can be interpreted as a method or tool to solve a problem or make a decision based on the research findings. The following are the data sources for the research:

1.11.3.1   Primary Data

Through the use of a variety of instruments and media for data collection, information is gathered directly from the people who are participating in the research. The questionnaire approach is utilised for the purpose of collecting primary data directly from respondents for the purpose of this research.

1.11.3.2   Secondary Data

Data gathered through study in an indirect way is referred to as secondary data. Among them are references from journals and books, as well as information obtained from the internet.

1.11.4 Method of Collecting Data

1.11.4.1   Questionnaire

According to (Sugiyono, 2019), one of the data collection methods is the questionnaire, where respondents are given a series of questions that they must answer via Google Forms. The researcher will use a Likert scale to answer the questionnaire. The Likert scale is a method for measuring opinions, attitudes, or perceptions of individuals or groups regarding a social phenomenon (Sugiyono,

2022). Each response in a Likert scale instrument ranges from strongly agree to strongly disagree. This research uses a closed-ended questionnaire on a five-point Likert scale for all active Shopee users who are at least 17 years old, have purchased products from PT Matahari Department Store Tbk on Shopee at least three times, and are domiciled in Semarang. The questionnaire distribution method will be conducted randomly among customers of PT Matahari Department Store on Shopee, specifically at Matahari's offline stores in Semarang. This approach aims to gather insights from consumers who have experience shopping both online and offline, aligning with the research focus on the influence of customer perceived value and customer satisfaction on repurchase intention.

1.11.5 Data Processing Techniques

After all the data is collected, the next step is to process the data before presenting it in tables for analysis. The data processing techniques used by the researcher include:

a) Editing

This is the process of re-checking the collected data to minimize and avoid errors.

b) Coding

Coding is the process of assigning marks, codes, or symbols in the form of numbers to all responses. This is done to classify the responses according to predetermined categories.

c) Scoring

Scoring facilitates the measurement of variables. It involves assigning scores or values to respondents' answers on the questionnaire. This research uses the Likert scale for evaluation. On the Likert Scale, respondents are required to choose one answer from various categories, which are then evaluated.

Table 1. 6 Likert Indeks Scale

Score	Value	Description
5	Strongly Agree	Always
4	Agree	frequently
3	Neutral	Uncertain
2	Disagree	infrequently
1	Strongly Disagree	Never

Source: (Sugiyono, 2022)

d) Tabulating

Tabulating refers to transferring the coded data into tables. The purpose of tabulation is to simplify the analysis, calculation, and processing of data.

1.11.5.1   Data Analysis and Hypothesis Testing Techniques

1.11.5.2   Qualitative Data Analysis

Qualitative analysis is a method that analyses data by using descriptions or visual representations of the phenomena under investigation, specifically focusing on aspects such as price, service quality, customer satisfaction, and loyalty. The available data is subsequently analysed in a manner that maintains its connection to the theoretical framework of the research. This analysis is utilised to delineate or clarify the existing associations and to illuminate the connections between variables.

1.11.5.3 Quantitative Data Analysis

Quantitative analysis is a systematic approach applied to investigate the connections between variables in a study by means of computations or statistical tests. Statistical approaches offer an unbiased strategy to gathering, manipulating, and interpreting numerical data, as well as deriving conclusions from the analytical outcomes.

1.11.5.4 Validity and Reliability Test

1.1.1.1.1 Validity Test

Validity testing is conducted to determine the accuracy and reliability of the instrument (measurement tool) utilised for data collection. If the instrument is valid, it indicates that it can accurately measure the variable it is intended to measure. On the other hand, if the instrument is not valid, it signifies that it cannot accurately measure the intended variable (Sugiyono, 2014: 172). A tool is considered valid if it can precisely provide data about the variable under investigation. The validity of an instrument measures the degree to which the obtained data accurately represents the desired variable without any significant deviations. Validity testing is employed to determine the accuracy of a questionnaire. A questionnaire is considered valid if its questions can accurately elicit information that is quantifiable by the questionnaire, and vice versa (Ghozali, 2013: 52). If the questionnaire is not valid, it indicates that it cannot accurately measure the variable it is intended to measure. A research instrument is considered valid when it is able to accurately disclose data pertaining to the variable under investigation. The level of an instrument's validity measures the degree to which

the collected data accurately represents the intended variable without significant variations.

Table 1. 7 Validity Test Parameters in Partial Least Square (PLS) Model

Validity Test	Parameters	Rule of Thumb
Convergent Validity	The value of convergent validity is the factor **loading value** on the latent variable with its indicators.	The expected value is >0.7
Discriminant Validity	This value represents the **cross-loading factor**, which is useful for determining whether the construct has adequate discriminant validity.	The **cross-loading** value for the intended construct should be higher than its loading values with other constructs.
	Average Variance Extracted (AVE)	The expected value should be >0.5

Source: (Hair et al., 2011)

The indications in question need to be eliminated from the model if their loading value is less than 0.5. Indicators with loading values ranging from 0.5 to 0.7 should be examined and perhaps removed as they can impact the Average Variance Extracted (AVE) and Composite Reliability. If the removal of indicators with loading values ranging from 0.5 to 0.7 will enhance the Average Variance Extracted (AVE) and Composite Reliability, it is strongly advised to eliminate those indicators. It is advisable to keep indicators with loading values higher than 0.7 and avoid removing them.

1.1.1.1.2 Reliability Test

Reliability testing is a quantitative assessment that measures the degree of consistency exhibited by a measuring device in accurately capturing the same

phenomena. A trustworthy instrument is characterised by its ability to consistently yield consistent results when used again to measure the same thing (Sugiyono, 2010). Reliability, as described by Ghozali (2013), refers to the extent to which a questionnaire can accurately measure a variable or concept. A questionnaire is deemed reliable if an individual's replies to statements remain constant and stable throughout a period of time.

Reliability measurement can be conducted in two ways:

1) Repeated Measure or Repeated Testing: Here, a person is given the same question at different times, and it is observed whether they are consistent in their answers.

2) One Shot or Single Measurement: This involves measuring only once and then comparing the results with other questions or measuring the correlation between the answers to the questions.

The reliability test to be conducted in this study is an internal reliability test using the WarpPLS 4.0 application for iOS, by examining the calculations of Composite Reliability and Cronbach's Alpha.

Table 1. 8 Reliability Test Parameters in Partial Least Square (PLS) Model

Reliability Test	Rule of Thumbs
Composite Reliability	Greater than the correlation of the latent variable
Cronbach's Alpha	Greater than 0.7

Source: (Ghozali, 2008)

1.11.5.5 Partial Least Square (PLS) Analysis

Data analysis is a technique that is utilised to process the findings of research in order to arrive at a conclusion. For the purpose of answering research

questions and revealing particular social phenomena, data analysis is the process of simplifying data into a form that is easier to read and interpret. This is because research involves data analysis and interpretation, which will be used to answer research questions. PLS (Partial Least Square) analysis, which is carried out by means of the WarpPLS programme, is one of the methods that can be utilised for the purpose of testing hypotheses that have been proposed.

The PLS method is utilised in the process of data analysis in research. The Component-Based Structural Equation Modelling (SEM) equation model or version is referred to as part of the PLS. PLS is an alternative method that, according to (Ghozali, 2013), differs from a covariance-based structural equation modelling (SEM) approach by adopting a variance-based methodology. In general, SEM covariance-based models are used to verify causation or theory, whereas PLS models are more focused on being predictive. (Ghozali, 2013) asserts that PLS is an effective way of analysis because it does not rely on a great deal of assumptions. As an illustration, the data must have a normal distribution, but the sample size does not need to be an excessive amount. Additionally, PLS can be utilised to explain the presence or absence of a relationship between latent variables, in addition to its ability to be utilised to confirm the theory. In addition to analysing constructs produced with reflecting indicators, PLS is also capable of analysing formative indicators.

According to (Ghozali, 2008), the purpose of the technique known as PLS (Partial Least Squares) is to provide researchers with assistance in formulating predictions. According to the formal model, variables are defined as linear

aggregates of their respective indicators. The specification of the inner model, which is the structural model connecting latent variables, and the outer model, which is the measurement model, which is the relationship between indicators and their constructs, are used to derive weight estimates for the purpose of constructing latent variable component scores. In this case, the result is the residual variance of the variables that are dependent.

The goal of the technique known as PLS (Partial Least Squares), as stated by (Ghozali, 2008) is to provide researchers with assistance in the process of formulating predictions. Estimates of parameters that are derived through the use of PLS can be divided into three specific forms. Initially, weight estimates are utilised in order to generate scores for hidden variables. Further, path estimates are a reflection of the connections that exist between latent variables as well as the connections that exist between latent variables and their respective loadings. When it comes to indicators and latent variables, the third step involves the calculation of mean estimates and location parameters, also known as regression constant values. In order to acquire these estimates, PLS employs an iterative procedure that consists of three stages, with each stage providing a distinct set of estimates. The first stage is responsible for the generation of weight estimates, the second stage is responsible for the production of estimates for the inner and outer models, and the third stage is responsible for the estimates of means and locations (Ghozali, 2008).

PLS is able to deal with models that involve both reflecting and formative components and their indicators, whereas structural equation modelling (SEM) is

only able to work with reflective models (Ghozali, 2008). A reflective model entails the following:

1) The causal direction is from the construct to the indicators.

2) Indicators are expected to be correlated.

3) Removing an indicator does not change the meaning of the construct.

4) Measurement error is determined at the indicator level.

Conversely, a formative model means:

1) The causal direction is from the indicators to the construct.

2) Indicators are assumed not to be correlated.

3) Removing an indicator will change the construct's meaning.

4) Measurement error is determined at the construct level.

According to (Vinzi et al., 2010), reflective models are used to represent latent constructs, which are unable to be directly measured and require indicators. On the other hand, formative models are used to represent emergent constructs, which are constructed in a way that measurements are determined by the influence of indicators.

To develop a complete model, the following steps are necessary:

1) Designing the Structural Model (Inner Model)

The inner model describes the structural relationships between latent variables based on research hypotheses.

2) Designing the Measurement Model (Outer Model)

The outer model defines how each block of indicators relates to its latent variable, determining whether indicators are reflective or formative based on operational definitions.

3) Constructing the Path Diagram

Once the inner and outer models are designed, they are illustrated in a path diagram for easier understanding. The path diagram for PLS in this study is shown in Figure 1.9.
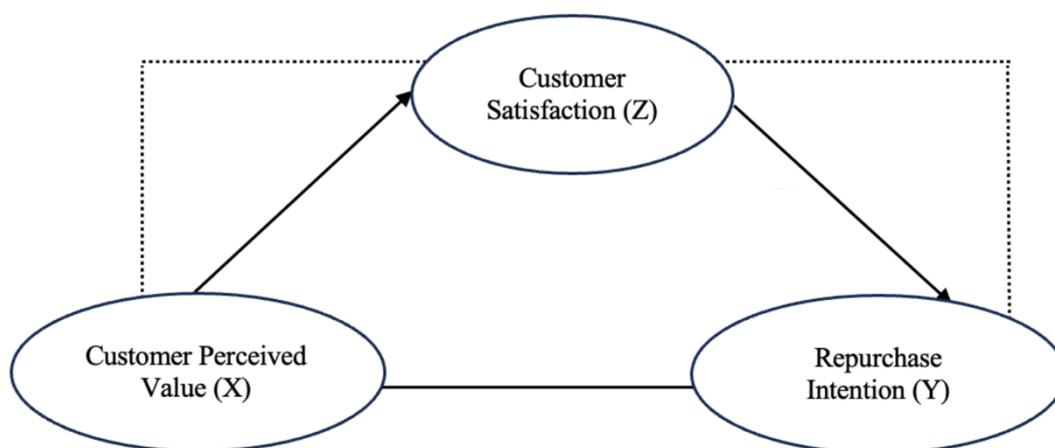

Figure 1. 9 Path Diagram

4) Evaluating Goodness-of-Fit Criteria

a) Outer Model

According to Ghozali & Kusumadewi (2023), outer model analysis is a measurement model test that demonstrates how latent variables are measured by indicators within each block. The evaluation of the outer model includes the following tests:

1) Convergent Validity. Assessed using the loading factor in SmartPLS 4.0. A loading factor value should be > 0.70 for all research constructs.

2) Discriminant Validity. Evaluated using cross-loading values to determine whether a construct has adequate discrimination. The cross-loading value for the intended construct must be higher than the cross-loading values for other constructs.

3) Average Variance Extracted (AVE). The AVE value should be > 0.50 to confirm sufficient variance explained by the latent construct, whether the study is confirmatory or exploratory.

4) Composite Reliability. Measures internal consistency of the construct. For confirmatory research, composite reliability should be > 0.70, whereas for exploratory research, a value between $0.60 - 0.70$ is acceptable.

5) Cronbach's Alpha. The acceptable threshold is > 0.70 for all constructs. However, in some cases, a value > 0.60 may still be considered acceptable.

b) Inner Model

According to Ghozali & Kusumadewi (2023), inner model analysis is a structural model designed to predict cause-and-effect relationships between latent variables. The evaluation of the inner model can be assessed using the following indicators:

1) The R-Square (R^2) value measures how well exogenous variables explain the variance in endogenous variables. A higher R^2 value indicates a stronger model fit. According to Ghozali and Latan (2020),

an R^2 of 0.75 suggests a strong model, 0.50 indicates a moderate model, and 0.25 represents a weak model.

2) The F-Square (F^2) test determines the effect size between variables and evaluates the impact on R^2 when a particular construct is removed from the model. Ghozali and Latan (2020) define the effect sizes as follows: an F^2 of 0.02 represents a small effect, 0.15 indicates a moderate effect, and 0.35 signifies a large effect.

3) Path coefficients illustrate the direct relationships between constructs within the model. These coefficients quantify the degree of influence between variables. To confirm the significance of these relationships, t-statistics are applied. A path coefficient is considered significant if the p-value is below 0.05.

4) T-Statistics and p-Values are used to test the significance of path coefficients. SmartPLS applies bootstrapping to generate these values. The standard criteria for statistical significance are a t-statistic greater than 1.96 and a p-value below 0.05. If these conditions are met, the results are considered valid and significant.

5) Hypothesis Testing

In order to test hypotheses, the bootstrap resampling approach that was established by Geisser and Stone is utilised, and t-tests are utilised to determine whether or not the hypothesis is statistically significant. The resampling method makes it possible to obtain data that does not follow a distribution, so removing the requirement for making assumptions about a normal distribution

and increasing the sample size to a minimum of thirty. In order for the result to be considered significant, the p-value must be 0.05 (alpha 5%) or lower. In the outer model, significant hypothesis testing implies that the indicators are legitimate measures of the latent variable. On the other hand, significance in the inner model demonstrates that there is a meaningful influence between the latent variables.

1.11.5.6   Intervening Testing Using Variance Accounted For/VAF

One of the variables that is being investigated in this study is satisfaction. (Ghozali, 2013) states that a variable is deemed to be an intervening variable if it has an effect on the relationship that exists between the independent variable and the dependent variable. When it comes to mediation, hypothesis testing can be carried out using SEM-PLS without the need for the Sobel test. In order to conduct SEM-PLS mediation testing, the following protocol is followed:

1) The direct effect must be significant when the mediating variable is not included in the model.

2) After the mediating variable is included in the model, the indirect effect must be significant. Each path through the mediating variable must be significant to meet this condition. If the indirect effect is significant, it indicates that the mediating variable can absorb or reduce the direct effect observed in the initial test.

3) Calculating Variance Accounted For (VAF) with the formula:

$$VAF = \frac{Indirect\ Effect}{Total\ Effect}$$

Total effect = Direct Effect + Indirect Effect

Variance Accounted For (VAF) quantifies the extent to which the mediating variable can absorb the previously substantial direct effect in the model when the mediating variable is not present. According to the research conducted by (Hair et al., 2011), the study focuses on several categories of mediation, namely intervening variables.

1) If the VAF value is above 80%, the mediating role (intervening variable) can be categorized as full mediation.

2) If the VAF value is between 20%-80%, the mediating role (intervening variable) can be categorized as partial mediation.

3) If the VAF value is below 20%, the mediating role (intervening variable) can be categorized as having almost no mediation effect.

1.11.5.7   Model Fit Indicator (Model of Indices)

The model fit indicators are useful for comparing the best model among various different models. One such indicator is the Average Variance Inflation Factor (AVIF). A research model can be considered fit or acceptable if it meets the following Goodness of Fit Model criteria:

1) The P Values for APC and ARS should be less than 0.05, indicating significance.

2) The Average Variance Inflation Factor (AVIF) should be less than 5.