THE INFLUENCE OF CUSTOMER PURCHASE DECISION ON CUSTOMER SATISFACTION AND IT'S IMPACT TO CUSTOMER LOYALTY

by:
Andhika H. Susanto

Faculty of Economics and Business
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
email: Andhika_Susanto44@yahoo.co.id

ABSTRACT

With population above 434 thousand and high ranks per capita Manado city becomes a very huge potential for food industry, including fast food. The available of quick serve food become requirement of society in line with fast mobility. The result is lot of new fast food brands enter to the market. From my observation some kind of fast food restaurant in Manado is KFC, Texas Chicken, Pizza Hut, Mc Donald, and so on. The purpose of this research is to investigate the influence of customer purchase decision toward customer satisfaction and the impact to customer loyalty toward KFC brands. The customer purchase decision is measured through some factor such as cultural factor, social factor, and personal factor. Meanwhile customer satisfaction is measured through some indicator such as promotion, service quality, and brand. The customer loyalty is measure through satisfaction, linking of the brand, and commitment. The research objectives are: (1) to identify and analyze customer purchase decisions effect on customer satisfaction, (2) to identify and analyze customer satisfaction effect on customer loyalty, and (3) to identify and analyze customer purchase decisions effect on customer loyalty. The population in is students, workers, and fast food customer with sample as many as 130 respondents using Structural Equation Modelling (SEM). The result is customer purchase decission has significant influence to customer satisfaction, customer satisfaction has significant influence to customer loyalty, and also customer purchase decission has significant influence to customer loyalty.

Keywords: customer purchase decision, customer satisfaction, customer loyalty

INTRODUCTION

Research Background

The standard life of modern society has been increase, it means the social needs that have to be fulfilled are increase too. Especially in fulfil the needs of food the society demand it is become better and faster. One of the concept that has been developed in fulfil the society's food needs is with emerging restaurants with the fast service or usually called with fast food. The fast food restaurants consider that can serve better and faster with more concern to marketing or customer relationship. The increasing of food and beverage industry recorded as the higher growth in all around the world. The various types of outlet offering food and beverage product in variety of type are popping out from the simple one to the luxurious. These things happened because food is one of human basic needs and it must be fulfilled.

Kentucky Fried Chicken has been known first of all in Indonesia that recognize in 1979, that makes Kentucky Fried Chicken is able to place itself as the first of the customers mind. Besides Kentucky Fried Chicken the other fast food industry that enliven are Texas Fried Chicken, Wendy's, Dunkin Donuts, Pizza Hut, Mc Donald, and others more. Among the fast foods brands that have strong position based market share in Indonesia is Kentucky Fried Chicken. This fast food restaurant with Colonel Sanders smile icon as the founder receipt, claim as the number one fast food restaurant in Indonesia with development 24,5% per year. In facing the tight competition, there are lots of strategies that company could use. But one of the most important things is to understand their buying behaviours that make the customer decide to purchase our product. Beside that thing KFC should know what factors that make customer satisfy with our product and services and the impact to

customer loyalty. This is very important and useful for the company because product consumption in every region is different each other. KFC also should know their relative position compare with their competitor that is Mc. Donald, Texas Chicken, and Pizza Hut. And what strategy they should do to make their product accepted by customer and satisfy the customer with their product & services and the impact to customer loyalty.

With population above 434 thousand, and high ranks per capita Manado becomes a very huge potential for food industry, including fast food. The available of quick serve food become requirement of society in line with the increasing of society mobility. The variety category of fast food business that set aside fried chicken and burger as the main menu especially who expandable through franchise system pushing the tight competition between fast food industry. The result is lot of new fast food brands that enter to the market. From our observation some kind of fast food restaurant in Manado is: Kentucky Fried Chicken, TEXAS Chicken, Pizza Hut, Mc Donald, and so on. The more fast food industry and customer selectivity make the competition of fast food industry become tide. To win the competition, fast food industry have to be had the superiority that reflect from the attributes product quality. Based on that view point, the purpose that is going to achieve in this research is to analyze the influence of customer purchase decision toward customer satisfaction, and the impact to customer loyalty, based on customer perception in Manado. This study surveyed a sample of fast food customer in Manado to examine their purchase decision behaviours, satisfaction, and loyalty.

Research Objective

The purpose of this research is to identify & analyze:
1. Customer purchase decisions effect on customer satisfaction.
2. Satisfaction effect on customer loyalty.
3. Purchase decisions effect on customer loyalty.

THEORETICAL FRAMEWORK

Theories

Customer Purchase Decision

Kotler and Keller (2008:94), there are three factors that always considered as the major forces influencing customers purchase decision: culture, social, and personal. Sproles and Kendall (1986), pioneered to investigate consumer decision-making processes by profiling consumers into different decision-making styles. Such styles have recently been found to be highly correlated with some product characteristics (i.e. price, country of origin and brand).

Customer Satisfaction

Gerson (1993), Customer Satisfaction may be considered as a base line standard of performance and a possible standard of excellence for any Business organization. Veloutsou (2005) Customer Satisfaction with services and with goods may derive from, and may be influenced by, different factors and therefore should be treated as separate and distinct.

Customer Loyalty

Kotler (2000:158), loyalty can be achieved through two steps: (1) the companies have to able to fulfill the customer needs and wants. That will make them having a positive experience toward that product, and (2) the companies have to maintain their relationship with the customer, in order to make repurchasing activity toward that product.

Previous Research

Wood and Miller (2009) found that all factors of cultural, social, personal and psychological influence on product purchase decisions toward instant noodles brand, yet, of the four most dominant factors is the cultural factor in making purchasing decisions. Erlangga (2010) found that that promotion, service quality, customer experiences and brand have significant effect on customer satisfaction in purchasing decision of ticket online. Samuel (2009) found that customer satisfactions levels to The Prime Steak & Ribs Restaurant tend to be good with some attributes still have a variety of high grade, and there is a positive causal influence that is significant between the customer satisfaction and the loyalty of the brand.
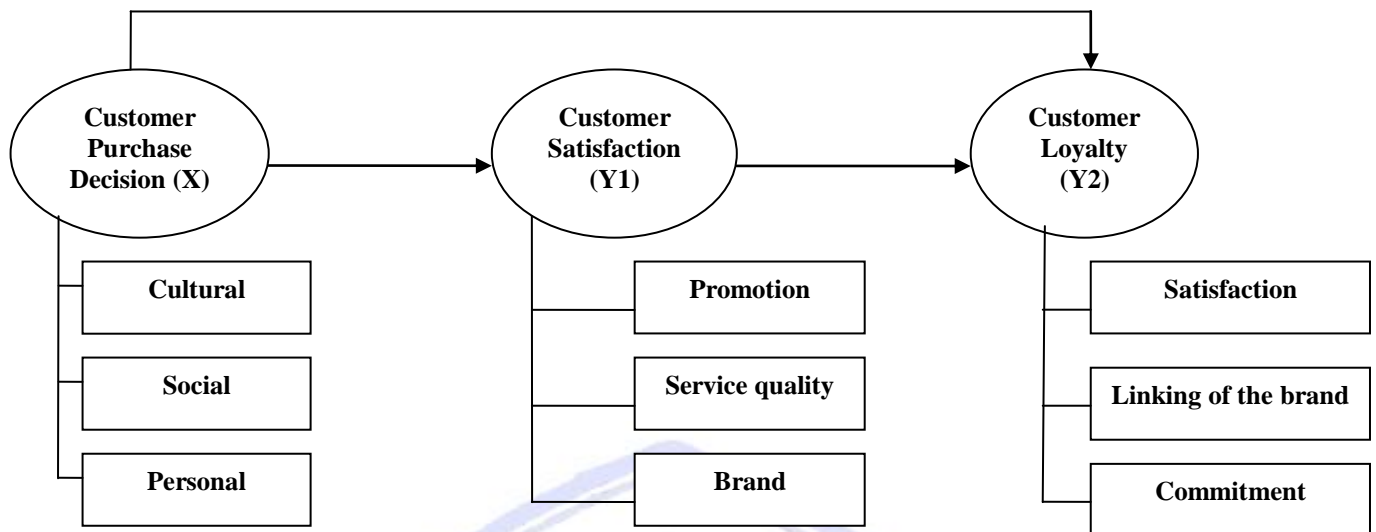
Figure 1: Conceptual Framework

Source: Theoretical Review

Research Hypothesis

The hypothesis from this research is following:
1. Customer purchase decisions have significant influence toward customer satisfaction.
2. Customer Satisfaction has significant influence toward customer loyalty.
3. Customer purchase decisions have significant influence toward customer loyalty.

RESEARCH METHOD

Source of Data

There are two types of data: (1) primary data is data originated by the researcher specifically to address the research problem from the result of questionnaires, and (2) secondary data is data collected for some purpose other than the problem at hand from books, journals, and relevant literature from library and internet.

Population and Sample

Sekaran and Bougie (2009) population is the entire group of people, events, of things of interest that the researcher wishes to investigate. The population in this research is students, workers, and fast food customer.

Sekaran and Bougie (2009) a sample is a part of the population. The sample of this research is Students, workers, and fast food customer as many as 130 respondents. The sampling design is convenience sampling that is considered as the best way of getting some basic information quickly and efficient.

Operational Definition of Research Variables
1. Sproles and Kendal (1986) Customer purchase decision (X) is mental and cognitive orientation that consistently dominated a customer approach in making purchase choice.
2. Kotler (2009:261) Customer satisfaction (Y1) is the level of one's feelings after comparing the performance result are perceived as compared with expectation.
3. Oliver (1996) Customer Loyalty (Y2) is deeply held commitment to re-buy a preferred product or service consistency in the future.

Data Analysis Method

Validity and Reliability Test

    Validity is the ability to measure what one intended to measure, and construct validity involves the operational measures for the studied subjects. More precisely, it includes the way in which the researcher translates theory information into operational and measurable questions, and variables.

    Andersen (2008:16), to achieve reliability, the same study should have similar results if it is conducted at a different point in time.

Structural Equation Model (SEM)

    Black (2006), SEMs are made up of two components: first, describes the relationship between endogenous and exogenous latent variables and permits the evaluation of both direction and strength of the causal affects among latent variables, second, describe the relationship between latent and observed variables. SEM is a technique to test a structural theory. Application of SEM is based on the covariance of the value sample, but the residue is the difference between the predicted covariance with the observed covariance. Fundamental hypothesis of the SEM is $\Sigma = \Sigma\ (\theta)$ with covariance matrix X is the population of variables that seems while $\Sigma\ (\theta)$ is the covariance matrix of the specified model or hypothesized. If the statistic is usually overlooked is the significance or rejection of Ho as in multiple regression, SEM traded is not reject. Match test SEM Ho Performed for match evaluation between data and model.

RESULT AND DISCUSSION

Validity & Reliability Analysis Result

Table 1 Validity Analysis

Variable	Indicator	Correlation Coefficient	Significant	Explanation
Customer Purchase Decission	X1.1	0.956	0.000	Valid
	X1.2	0.908	0.000	Valid
	X1.3	0.788	0.007	Valid
Customer Satisfaction	Y1.1	0.823	0.003	Valid
	Y1.2	0.938	0.000	Valid
	Y1.3	0.719	0.019	Valid
Customer Loyalty	Y2.1	0.852	0.002	Valid
	Y2.2	0.852	0.002	Valid
	Y2.3	0.751	0.012	Valid

Source: SPSS Output

    Table 1 shows that all indicators valid to measure the variables with the value of correlation coefficient of each indicator is as follows: X1.1 (0.956), X1.2 (0.908), X1.3 (0.788), Y1.1 (0.823), Y1.2 (0.938), Y1.3 (0.719), Y2.1 (0.8520), Y2.2 (0.852), and Y2.3 (0.751).

Table 2 Reliability Analysis

Variable	Alpha crombath (Requrement)	Alpha crombath (Result)	Official Statement
X1	>0.6	0,845	Reliable
X2	>0.6	0,784	Reliable
Y1	>0.6	0,857	Reliable

Source: SPSS Output

Table 2 Shows that all variables are reliable with the following description: X1 (0.845), X2 (0.784), and Y2 (0.857).

Analysis Structural Equation Modelling (SEM)

Measurement Model

Table 3. Regression Weights

	Estimate	S.E.	C.R.	P	Label
Y1 <--- X1	,426	,215	1,977	,048	par_8
Y2 <--- X1	-,560	,267	-2,095	,036	par_7
Y2 <--- Y1	,658	,315	2,087	,037	par_9
x11 <--- X1	1,000				
x12 <--- X1	1,527	,793	1,926	,054	par_1
x13 <--- X1	,386	,249	1,551	,121	par_2
y11 <--- Y1	1,000				
y12 <--- Y1	1,414	,388	3,647	***	par_3
y13 <--- Y1	,706	,269	2,627	,009	par_4
y21 <--- Y2	1,000				
y22 <--- Y2	,962	,386	2,491	,013	par_5
y23 <--- Y2	,729	,328	2,223	,026	par_6

Source: Amos Output

The measurement model is aimed to see whether the indicators are significantly as a tool to measure the variables. Table 3 Measurement model of customer purchase decision shows that all indicators are significant to measure X1. Measurement model of consumer satisfaction shows that all indicators are significant to measure Y1. Measurement model of consumer loyalty shows that all indicators are significant to measure Y2. It means that all indicators of X1, Y1, and Y2 can be used in SEM model.

Structural Model

This part describes the relationship pattern of all variables or hypothesis testing. The result from Table 3 shows that the probability is 0,048 which is lower than 0.05 and it means hypothesis 1 is accepted or customer purchase decision influences customer satisfaction. The result of observation shows that hypothesis 2 is accepted because customer satisfaction is significantly influence customer loyalty because the probability is less than 0.05, which is 0.037. The result of observation shows that hypothesis 3 also significant that customer purchase decision influences customer loyalty because the probabilities lower than 0.05 which is 0.036.

Direct and Indirect Relation

Table 4. Direct, Indirect and Total Effect

Relation	Direct Effect	Indirect Effect	Total Effect
$X_1 \rightarrow Y_1 \rightarrow Y_2$	-0,560	0,280	-0,280

Source: Amos Output

By analyzing the result, the relation of $X_1 \rightarrow Y_1 \rightarrow Y_2$ shows that indirect relation is higher than total effect. It means that the intervening variable makes the relation between Y1 and Y2 becomes weaker. The direct relation (-0,560) is less than total effect (-0,280). It means that the intervening variable makes the relation between X1 and Y2 becomes stronger.

Discussion

The Influence of customer purchase decision toward customer satisfaction.

The result of research shows that Customer Purchase Decision is significantly influence the Customer Satisfaction. Kotler and Keller (2009:214) found that cultural, social, and personal factors are always considered to be the major forces influencing consumers purchase decision. An understanding of each factor helps businesses meet consumers' needs and wants. From three indicators of customer purchase decision, cultural is the higher indicator that influences customer satisfaction. When customer decide to buy a product or service, in this case KFC product, they will make purchase because of the influence of modern culture that push them to make all activity in fast way, including food, because live in modern culture everything should be move fast. Social factor also become the factor that determine customer satisfaction. Most of customers prefer to buy KFC product because the influence of social such as friends, family, neighbours & environment. It can be seen clearly how this factor influence purchase decision. This study also found that personal factor can also influence customer purchase decision, such as age, education and occupation. The result shows that the elements of customer purchase decision that used in this study have positive relationship with customer satisfaction. And the result of my research is customer purchase decision become a strength factors to attracting the customer satisfaction when the indicators are achievable. When the company can catch the message what indicator that make customer decide to purchase their product and also satisfy the customer, the customers will be motivated to purchase the company product and service.

The Influence of customer satisfaction toward customer loyalty.

This research shows that customer satisfaction is significantly influences Customer Loyalty. Gustafsson (2005) observed that customer satisfaction is defined as a customer's overall evaluation of the performance. This overall satisfaction has strong positive effect on customer loyalty intentions across a wide range of product and service categories. Based on this result, it shows how the element of customer satisfaction that used in this study, which is promotion, service quality, and brand determines the loyalty of customer. Most customers decide to be loyal because the company can catch the message what customer wants and needs. When the customer satisfactions are fulfilled, they will be motivated to make a repurchase activity in the future, when they need that product or service. And if the company can keep or even improve their Service Quality, Promotion, and Brand, the customer will be motivated to be loyal toward the company product and service.

The Influence of customer purchase decision toward the customer loyalty.

The result of research shows that customer purchase decision is significantly influence the customer loyalty. Cronin (2009) observed that loyalty is measured through some indicator such as satisfaction, linking to the brand, and commitment. Loyalty is come from a learning process, which through experience the customers trying to search the most matching product with their needs and wants, it means the customers will continuously try variety of product before they found the one who match with their needs and wants. Customer purchase decision is a very important aspect in brand loyalty. Because when the customers decide to purchase a specific product or service, and the company can always fulfil the customer needs and wants, it had an impact to repeat buying and recommended buying. If the customers already satisfy with performance of one brand they will repurchase that brand, use it and recommended that brand advantages based on their experiences in using that brand to their friends, family, and their neighbours.

CONCLUSION AND RECOMMENDATION

Conclusion

The results show that customer purchase decission has significant influence to customer satisfaction, customer satisfaction has significant influence to customer loyalty, and also customer purchase decission has significant influence to customer loyalty. And the conclusion of this research is following:

1. From my overall analisis, the results show that customer purchase decission have significant influence to customer satisfaction in all Indicator. KFC company should concern about Service quality in gain customers satisfaction, because service quality is the most influence variable in customer satisfaction, and also improve their promotion to compete with other fast food brand.

2. From my overall analisis, the results show that customer satisfaction have significant influence to customer loyalty in all Indicator. If the customers already satisfy with performance of one brand they will make repurchasing activity toward that brand, and if the company can maintain their service quality, product, brand, and promotion to the customer, they will have sense linking to that brand that makes them have commitment to always consuming that company product. In other word the customer will be motivated to be a loyal customer.

3. From my overall analisis, the results show that customer purchase decission have significant influence to customer loyalty in all indicator. Satisfaction is the most influence indicator in brand loyalty, because when the custumers decide to purchase a spesific product or service, and the comany can always fulfill the customer needs and wants, it had an impact to repeat buying and recommended buying.

Recommendation

The recommendations are: (1) The Company should connect the indicators of customer purchase decision toward their product, such as life style connection, or social connection, through all advertising media such as television, news paper, radio, internet, magazine, social event, and so on. After the customer feel the connection between the product and those indicators (culture, social, and personal factor) in their life, customer will decide to purchase the product. (2) The company should concern about service quality in gain customers satisfaction, because service quality is the most important aspect in customer satisfaction, and also improve their promotion and build their brand image in customer mind. (3) To get the customer loyalty, the company should be able to catch the needs and wants from customer that change overtime and apply it to the company product and services. If the company is able to catch and apply it to the company product & service, the customer Satisfaction level will be always fulfilled overtime and it will be motivated the customer to make a repurchase activity in the future and the result is the company will gain the loyalty from customers.

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