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**THE INFLUENCE OF STORE ENVIRONMENT, PRODUCT QUALITY, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND THE INFLUENCE OF WORD-OF-MOUTH AND TRUST ON REPURCHASE INTENTION AT SEPHORA**

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**Abstract.** *The competition in the beauty industry in Indonesia is becoming increasingly intense, as evidenced by the performance differences between Sephora.co.id and Sociolla.com. The higher total visits and rankings of Sociolla.com indicate a significant performance gap. This study aims to examine the effects of Store Environment, Product Quality, and Price Fairness on Customer Satisfaction, as well as the effects of Word-of-Mouth (WOM) and Trust on Repurchase Intention among Sephora's cosmetic store consumers. The research employs a descriptive approach with a quantitative method. Data was collected from 271 respondents via Google Forms and analyzed using SmartPLS 4.0. The results indicate that Store Environment, Product Quality, and Price Fairness have a significant positive effect on Customer Satisfaction, which, along with Word-of-Mouth (WOM) and Trust, also has a significant positive effect on Repurchase Intention. Managerial implications emphasize the importance of improving customer satisfaction, creating Referral Programs to enhance WOM, evaluating pricing strategies, and designing stores with unique layouts to attract more visitors.*

**Abstrak.** Persaingan di industri kecantikan di Indonesia semakin ketat. seperti yang terlihat dari perbedaan kinerja antara Sephora.co.id dan Sociolla.com. Total kunjungan dan peringkat yang lebih tinggi dari Sociolla.com menunjukkan adanya kesenjangan kinerja yang signifikan. Penelitian ini bertujuan mengkaji pengaruh *Store Environment*, *Product Quality*, dan *Price Fairness* terhadap *Customer Satisfaction*, serta pengaruh *Word-of-Mouth* (WOM) dan *Trust* terhadap *Repurchase Intention* pada konsumen toko kosmetik Sephora. Penelitian menggunakan pendekatan deskriptif dengan metode kuantitatif. Data diperoleh sebesar 271 responden yang disebarkan melalui *Google Form* dan dianalisis menggunakan SmartPLS 4.0. Hasil penelitian menunjukkan bahwa *Store Environment*, *Product Quality*, dan *Price Fairness* signifikan berpengaruh positif terhadap *Customer Satisfaction*, yang bersama *Word-of-Mouth* (WOM) dan *Trust* juga signifikan berpengaruh positif terhadap *Repurchase Intention*. Implikasi manajerial menekankan pentingnya meningkatkan kepuasan pelanggan, menciptakan Program *Referral* untuk meningkatkan WOM, melakukan evaluasi strategi penetapan harga, dan merancang toko dengan desain yang unik untuk menarik lebih banyak pengunjung.

## INTRODUCTION

The Indonesian cosmetics industry has experienced substantial growth, recording a 20% increase in 2017, surpassing the national economic growth rate (Investor Daily, 2018). This expansion is driven by rising domestic and international demand, with personal care products gaining importance for both men and women and creating new market segments for children. Recognizing its potential, the Ministry of Industry has designated cosmetics as a priority sector in the National Industry Development Master Plan (2015–2035). By 2017, Indonesia housed over 760 cosmetics firms, with 95% classified as small to medium enterprises (SMEs). Notably, larger firms have made successful inroads into international markets, with cosmetics exports reaching \$516.99 million in 2017, up from \$470.30 million the previous year. In 2022, Indonesia's Beauty & Personal Care market generated \$7.23 billion in revenue, with Personal Care leading at \$3.18 billion, followed by Skincare (\$2.05 billion) and Cosmetics (\$1.61 billion), growing at an annual rate of 5.81% (Statista, 2022).

Sephora has established itself as a major player in Indonesia's cosmetics industry, offering a comprehensive range of products, including skincare, makeup, fragrance, body care, and hair care, as well as its proprietary Sephora brand. Founded in France by Dominique Mandonnaud in 1970, Sephora is renowned for its luxurious product offerings, professional services, and engaging store environment. With approximately 1,900 stores worldwide, over 200 of which are in the Asia-Pacific region, including Indonesia, Sephora is part of the LVMH Moët Hennessy Louis Vuitton group. However, the brand faces challenges in Indonesia's increasingly digital market. According to a Populix (2022) survey, 66% of 500 female respondents prefer purchasing cosmetics online, while only 12% opt for minimarkets and supermarkets each. Although Sephora has an online store (<https://www.sephora.co.id/>), its limited presence on e-commerce platforms may restrict its access to a broader digital audience. Competitors like Sociolla have a much stronger online presence, with Similarweb (2024) data showing that Sociolla ranks significantly higher in website traffic and market reach, suggesting Sephora may need a more robust digital strategy to compete.

To solidify its position, Sephora should prioritize enhancing customer repurchase intention, as loyal customers make it more challenging for competitors to capture market share. Customer satisfaction, defined as the emotional response resulting from comparing a product's performance with customer expectations (Andriyani & Sari, 2022), plays a pivotal role in fostering repurchase behavior. Expectations vary among customers but are often influenced by the information provided by Sephora's staff in-store. Research by Ho et al. (2021) and Ain et al. (2021) underscores that customer satisfaction significantly impacts repurchase intention. Both product quality and price fairness are essential in achieving high satisfaction levels in the cosmetics sector. Consumers perceive a fair price as a reflection of the value offered, which can drive purchase decisions even at higher price points (Radic, 2023). Studies by Konuk (2019) and Lone and Bhat (2023) show that both fair pricing and high product quality positively influence consumers' intention to repurchase.

## LITERATURE REVIEW

## **Repurchase Intention**

Repurchase intention refers to the psychological inclination of customers to decide whether to keep purchasing products or services from a specific merchant or brand after their shopping experience, influenced by factors such as their overall experience and current circumstances (Li, 2022). According to Theory of Planned Behavior (TPB) is based on the belief perspective, which influences an individual's intention to engage in specific behaviors. This perspective is formed by a combination of various characteristics, qualities, and attributes related to information, ultimately shaping behavioral intention (Yuliana, 2004). Repurchase intention, often synonymous with customer retention, signifies the probability of a customer returning to use a service provider in the future. It represents an individual's assessment of the likelihood of repurchasing services from the same company, factoring in their current situation and potential future circumstances (Tho et al., 2017). This assessment aligns with TPB's concept of perceived behavioral control, which refers to attitudes toward a behavior play a vital role in predicting actions. When individuals hold positive attitudes, receive support from their social circle, and perceive that there are no significant obstacles to the behavior, their intention to act is likely to increase (Ajzen, 1991).

## **Relationships between Variables and Hypotheses**

### **Relationship between Store Environment and Customer Satisfaction**

This hypothesis is developed from the consistency of prior research findings, which demonstrate a positive correlation between Store Environment and Customer Satisfaction. Store Environment refers to the efforts involved in designing the environment to produce specific emotional effects on buyers, which increases the likelihood of a purchase (Patawari & Mutha, 2022). When the atmosphere inside the store provides a pleasant impression and creates emotional effects that make consumers comfortable while shopping, customer satisfaction during the shopping experience is also likely to increase. Studies by Moukrim (2023) and Kurniawan et al. (2019) indicate that the Store Environment significantly enhances Customer Satisfaction. Customer satisfaction is defined as the emotional reaction—whether positive or negative—that occurs when individuals compare their expectations with the perceived performance of a product or service (Hasibuan et al., 2022). To strengthen this hypothesis, it is necessary to consider other supporting studies and those that might provide different perspectives. Meanwhile, Chen (2012) showed that although Store Environment plays an important role, other factors like price and product quality are also crucial in determining customer satisfaction. Given the relationship between these variables, this study will test the following hypothesis:

H1: Store Environment positively influences Customer Satisfaction.

### **Relationship between Product Quality and Customer Satisfaction**

The development of this hypothesis begins with an exploration of the relationship between customer satisfaction, customer value, and product quality. According to Sambo et al. (2022), customer satisfaction and value are closely linked to product quality, which significantly affects the performance of services or products. Research by Lone and Bhat (2023) and Silva et al. (2023)

indicates that product quality positively influences customer satisfaction, with good quality products fostering increased consumer satisfaction and loyalty. Similarly, Kurniawan and Ratnasari (2022) found that high product quality contributes to greater customer satisfaction during the shopping experience. Integrating these findings, product quality is vital for enhancing customer satisfaction. Therefore, this study will test the following hypothesis:

H2: Product Quality positively influences Customer Satisfaction.

### **Relationship between Price Fairness and Customer Satisfaction**

The connection between Price Fairness and Customer Satisfaction is an essential focus of this research. Price fairness refers to the consumer's assessment and emotional response regarding whether the disparity between the seller's price and that of comparable alternatives is fair, acceptable, or justifiable (Jo, 2023). Research conducted by Konuk (2019) suggests that consumers who view the prices of the products they buy as fair are more inclined to experience satisfaction. This aligns with the theory that perceptions of fair pricing can enhance positive perceptions of both the product and the company, subsequently increasing customer satisfaction. However, there are studies that present differing results. Kurniawan and Ratnasari (2022) discovered that price does not significantly influence consumer satisfaction during shopping. They propose that other factors, such as product quality and service, may be more crucial in determining customer satisfaction than price fairness. This underscores that, although there is evidence of a positive link between price fairness and customer satisfaction, varying research findings suggest that additional factors must also be considered. Therefore, this study will test the following hypothesis:

H3: Price Fairness positively influences Customer Satisfaction.

### **Relationship between Customer Satisfaction and Repurchase Intention**

Customer satisfaction is characterized as the emotional response—either positive or negative—that occurs after individuals compare perceived performance or outcomes with their expectations. When consumers are pleased with a specific product, they are more inclined to repurchase from the same brand. Customer satisfaction indicates the degree to which a product or service meets or exceeds consumer expectations (Hasibuan et al., 2022). Research by Ho et al. (2021) demonstrates that Customer Satisfaction significantly positively impacts Repurchase Intention, suggesting that satisfied consumers are more likely to repeat their purchases in the future. Additionally, studies by Ain et al. (2021) and Nguyen et al. (2021) further confirm that Customer Satisfaction significantly affects Repurchase Intention. Their findings reveal that satisfied customers are more likely to consider repurchasing the same product rather than looking for alternatives. High levels of satisfaction foster an emotional connection between the customer and the brand, serving as a foundation for the intention to repurchase. Therefore, this study will test the following hypothesis:

H4: Customer Satisfaction positively influences Repurchase Intention.

### **Relationship between Word-of-Mouth (WOM) and Repurchase Intention**

Word-of-Mouth (WOM) refers to the Behavior where consumers provide reviews or information to potential customers (Chen et al., 2021). Consumers are generally more inclined to

trust information from other consumers rather than from companies themselves, as information from peers, especially from known individuals, is considered more genuine and reliable (Smith & Anderson, 2018). Word-of-Mouth (WOM) is a powerful marketing strategy that can significantly reduce promotional costs and streamline distribution channels for companies (Setiawan & Surianto, 2022). Therefore, reviews or recommendations from other consumers can encourage individuals to repurchase products from the same brand (Jones & Taylor, 2019). Other studies also support this finding. For example, research by Tan and Lee (2021) found that recommendations from other consumers can significantly influence the decision to repurchase products from the recommended brand. This finding indicates that Word-of-Mouth can impact consumers' intention to repurchase. Given the relationships among these variables, this study will test the following hypothesis:

H5: Word-of-Mouth positively influences Repurchase Intention.

#### **Relationship between Trust and Repurchase Intention**

Trust is characterized as the confidence that customers place in a business partner, based on their knowledge, reliability, and goodwill (Dayani et al., 2022). Research by Dayani et al. (2022) demonstrates that trust significantly positively influences repurchase intention. The study revealed that consumers who hold a strong level of trust in a brand are more likely to make repeat purchases from that brand. This trust reinforces consumer loyalty and increases the likelihood of them staying committed to the brand. Additionally, research by Upamannyu et al. (2015) supports these findings, demonstrating that trust significantly influences repurchase intention. Consumers who are confident that a product or service will consistently meet their expectations are more likely to select that brand in the future. Therefore, based on the relationships among these variables, this study will test the following hypothesis:

H6: Trust positively influences Repurchase Intention.

#### **Relationship between Customer Satisfaction and Word-of-Mouth (WOM)**

The formulation of this hypothesis is grounded in consistent findings from previous research that highlight a positive connection between customer satisfaction and Word-of-Mouth (WOM). Research by Kavitha and Gopinath (2022) indicates that satisfied customers are more inclined to share their positive experiences with others, both through direct interactions and on social media. High levels of satisfaction motivate consumers to recommend products or services to others, thereby enhancing trust and purchase intentions among potential customers (Parnataria & Abror, 2019). To strengthen this hypothesis, it is important to consider other supporting studies as well as those that may present differing viewpoints. Research by Tan and Lee (2021) indicates that even with high customer satisfaction, WOM does not always occur, especially in highly competitive markets with diverse product options. Considering these findings, it can be observed that while there is a consensus that customer satisfaction positively influences WOM, other factors and variations among customer segments should also be considered. Based on the relationships between these variables, the following hypothesis will be tested in this study:

H7: Customer Satisfaction positively influences Word-of-Mouth.

## Relationship between Customer Satisfaction and Trust

Research by Utami et al. (2023) shows that when consumers are satisfied with the products or services they use, they are more likely to develop greater trust in the brand. Additionally, findings from Parnataria and Abror (2019) support this notion, indicating that customers who are satisfied with their experiences are more inclined to trust the brand and its products. Furthermore, a study by Gultom et al. (2020) concludes that positive experiences can lay a strong foundation for a lasting relationship with the brand, where trust plays a crucial role. Therefore, based on the relationships among these variables, this study will test the following hypothesis:

H8: Customer Satisfaction positively influences on Trust.

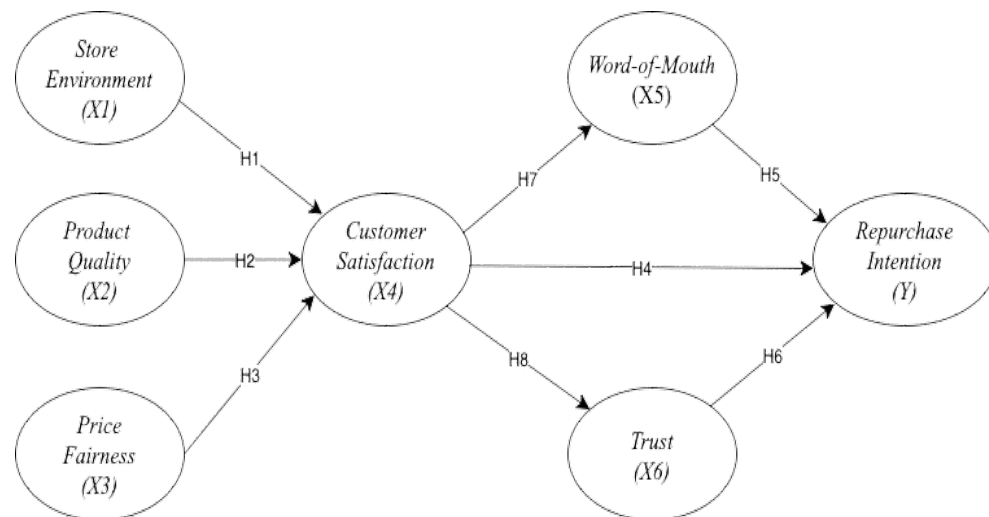


Figure 1. Analysis Model

## RESEARCH METHOD

This study utilizes a quantitative approach, as defined by Sugiyono (2019), which describes quantitative research as a method for investigating a specific population or sample through data collection and quantitative analysis. The main goal of quantitative research is to test established hypotheses. Data collection is carried out using a questionnaire, enabling the effective gathering of information from respondents. This research adopts a descriptive method within the quantitative framework, analyzing the impact of independent variables—namely Store Environment, Product Quality, and Price Fairness—on Customer Satisfaction. It also examines how Customer Satisfaction, Word-of-Mouth (WOM), and Trust influence Repurchase Intention. Consequently, the focus of this research, which serves as the dependent variable, is the Repurchase Intention of Sephora customers.

The population for this research consists of all Sephora customers in the Jabodetabek area. The target population includes Sephora customers in Jabodetabek who have purchased Sephora products within the last six months. Sampling was conducted from March 2024 to April 2024. This study utilizes Non-Probability Sampling, specifically the Convenience Sampling method, with the primary criterion for the sample being Sephora users in the Jabodetabek area. Convenience

Sampling was chosen because it allows the research to efficiently access respondents that meet the study criteria without requiring significant time and cost to find statistically representative samples. The study collected data using a questionnaire that received responses from a total of 412 respondents. Data collection involved primary data gathered through a questionnaire distributed via Google Forms. The questionnaire employed a Likert scale ranging from 1 to 5, with 1 representing strong disagreement and 5 representing strong agreement. Data analysis was performed using the PLS SEM (Partial Least Squares Structural Equation Modeling) approach, facilitated by the Smart PLS SEM 0.4 software.

## RESULT AND DISCUSSION

### Respondent Profile

This study was carried out through a survey of Sephora customers. The results from the distribution of the questionnaire, which received responses from 412 respondents, provide an overview of the respondents' characteristics based on gender, age, and residence. A detailed description of the respondents' characteristics is as follows:

**Table 1. Sample Profile**

| Profile              | Category                           | Frequency | Percentage (%) |
|----------------------|------------------------------------|-----------|----------------|
| Gender               | Man                                | 21        | 5.10%          |
|                      | Woman                              | 391       | 94.90%         |
| Age                  | 17 – 25 years                      | 128       | 31.07%         |
|                      | Over 25 – 41 years                 | 271       | 65.78%         |
|                      | Over 41 – 57 years                 | 13        | 3.16%          |
| Education Level      | High School                        | 40        | 9.71%          |
|                      | Diploma                            | 11        | 2.67%          |
|                      | Bachelor's Degree                  | 287       | 69.66          |
|                      | Master's Degree                    | 74        | 17.96%         |
|                      | Doctorate                          | 0         | 0.00%          |
| Occupation           | Private Employee                   | 305       | 74.03%         |
|                      | Student/ Scholar                   | 30        | 7.28%          |
|                      | Self-Employed                      | 34        | 8.25%          |
|                      | Housewife                          | 43        | 10.44%         |
| Reasons for Purchase | Quality Products                   | 265       | 64.32%         |
|                      | Ability to Consult Before Purchase | 116       | 28.16%         |
|                      | Competitive Prices                 | 31        | 7.52%          |

Source: Data Processed from Smart PLS SEM 0.4 (2024)

Table 1 indicates that most respondents in this study are women, comprising 391 individuals, or 94.90% of the total. This predominance is due to the focus on female users of beauty products, particularly Sephora consumers. The age distribution of respondents is primarily within the range

of 25 to 41 years, with 271 respondents or 65.78%, which falls into the millennial generation. Meanwhile, respondents aged 17 to 25 years total 128, representing 31.07%, categorizing this group as Generation Z. In terms of educational background, respondents with a Bachelor's Degree are the majority, totaling 287 or 69.66%. There are 74 respondents with a Master's Degree, accounting for 17.96%. Given the high number of respondents with a Bachelor's Degree, the majority also work as Private Employees, totaling 305 or 74.03%. This indicates that, overall, the respondents in this study are millennials who are employed as Private Sector Employees with a Bachelor's Degree.

### Convergent Validity Test

**Table 2. Convergent Validity**

| Variable              | Average Variance Extracted (AVE) |
|-----------------------|----------------------------------|
| Price Fairness        | 0,853                            |
| Product Quality       | 0,831                            |
| Repurchase Intention  | 0,835                            |
| Customer Satisfaction | 0,810                            |
| Store Environment     | 0,826                            |
| Trust                 | 0,840                            |
| WOM                   | 0,737                            |

Source: Data Processed from Smart PLS SEM 0.4 (2024)

Table 2 shows that all AVE values are above 0.500, and the factor loadings are above 0.700. Therefore, it can be concluded that all indicators for each variable in this study are valid.

### Heterotrait-Monotrait Ratio (HTMT)

**Table 3. HTMT**

| Variable             | PF    | PQ    | RI    | Sat   | SE    | TR    | WOM |
|----------------------|-------|-------|-------|-------|-------|-------|-----|
| Price Fairness       |       |       |       |       |       |       |     |
| Product Quality      | 0.802 |       |       |       |       |       |     |
| Repurchase Intention | 0.799 | 0.844 |       |       |       |       |     |
| Satisfaction         | 0.815 | 0.886 | 0.898 |       |       |       |     |
| Store Environment    | 0.636 | 0.830 | 0.798 | 0.895 |       |       |     |
| Trust                | 0.758 | 0.854 | 0.864 | 0.898 | 0.810 |       |     |
| WOM                  | 0.890 | 0.844 | 0.856 | 0.803 | 0.734 | 0.784 |     |

Source: Data Processed from Smart PLS SEM 0.4 (2024)

Table 3 shows that all variables in the HTMT testing have values below 0.900. This indicates that there are no issues with discriminant validity in the obtained data. Therefore, it can be concluded that all indicators have effectively measured the targeted variables and no other variables.

### Reliability

The metrics used to determine the reliability of the instruments are Cronbach's Alpha and Composite Reliability. The results of the reliability testing in this study are as follows:



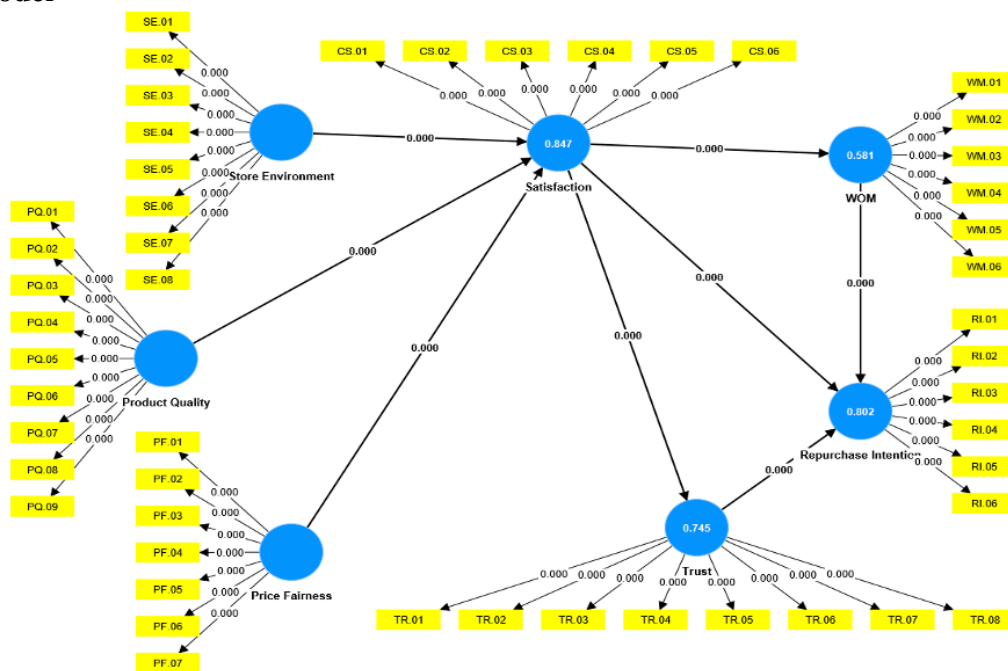
**Table 4. Reliability Test Results**

| Variable             | Composite Reliability | Cronbach's Alpha |
|----------------------|-----------------------|------------------|
| Price Fairness       | 0.978                 | 0.973            |
| Product Quality      | 0.969                 | 0.964            |
| Repurchase Intention | 0.947                 | 0.933            |
| Satisfaction         | 0.965                 | 0.956            |
| Store Environment    | 0.934                 | 0.918            |
| Trust                | 0.966                 | 0.960            |
| Word-of-Mouth        | 0.944                 | 0.929            |

Source: Data Processed from Smart PLS SEM 0.4 (2024)

The information in Table 4 shows that every Cronbach's Alpha value is above 0.600, and all Composite Reliability values are greater than 0.700. Thus, it can be inferred that the reliability assessment conducted in this study is adequate.

### Inner Model

**Figure 2. Inner Model Results**

Source: Data Processed from Smart PLS SEM 0.4 (2024)

### R Square

**Table 5. R Square (R<sup>2</sup>) Results**

| Variable              | R Square |
|-----------------------|----------|
| Repurchase Intention  | 0.802    |
| Customer Satisfaction | 0.847    |
| Trust                 | 0.745    |

|               |       |
|---------------|-------|
| Word-of-Mouth | 0.581 |
|---------------|-------|

Source: Data Processed from Smart PLS SEM 0.4 (2024)

Table 5 shows the R Square results for customer experience variables at Sephora. Repurchase Intention has a value of 0.802, meaning 80.2% is explained by Customer Satisfaction, WOM, and Trust, with 19.8% due to other factors. Customer Satisfaction is 84.7% explained by Repurchase Intention, Trust, and WOM. Trust has a value of 0.745, with 74.5% explained by Repurchase Intention, Customer Satisfaction, and WOM. Lastly, WOM is 58.1% explained by Repurchase Intention, Customer Satisfaction, and Trust. These values show each variable's contribution, with the rest influenced by external factors.

### Q Square

Predictive Relevance ( $Q^2$ ) is used to assess the predictive power of the model. The  $Q^2$  value can be obtained through the blindfolding procedure in SmartPLS. As a relative measure of predictive relevance, values of 0.02, 0.15, and 0.35 indicate small, medium, or large predictive relevance for exogenous constructs.

**Table 6. Q Square ( $Q^2$ ) Results**

| Variable              | $Q^2$ (=1-SSE/SSO) | Description      |
|-----------------------|--------------------|------------------|
| Word-of-Mouth         | 0.424              | Large Predictive |
| Trust                 | 0.575              | Large Predictive |
| Repurchase Intention  | 0.593              | Large Predictive |
| Customer Satisfaction | 0.691              | Large Predictive |

Source: Data Processed from Smart PLS SEM 0.4 (2024)

Table 6 presents the  $Q^2$  results, showing the model's predictive accuracy for each variable. Word-of-Mouth has a  $Q^2$  of 0.424, Trust 0.575, Repurchase Intention 0.593, and Customer Satisfaction 0.691—all indicating strong predictive power. These values suggest the model effectively explains the variability in these variables and would likely produce similar results with different respondents.

### Multicollinearity

The multicollinearity test aims to ensure that there is no correlation among the independent variables in the multiple linear regression model. The decision criterion for this test is that if the VIF value is less than 5.00, it indicates that multicollinearity is not present. Below are the results of the testing in this study:

**Table 7. Multicollinearity Results**

| Variable              | Repurchase Intention | Customer Satisfaction |
|-----------------------|----------------------|-----------------------|
| Price Fairness        |                      | 2.532                 |
| Product Quality       |                      | 4.169                 |
| Repurchase Intention  |                      |                       |
| Customer Satisfaction | 4.497                |                       |

|                   |       |
|-------------------|-------|
| Store Environment | 2.64  |
| Trust             | 4.209 |
| Word-of-Mouth     | 2.563 |

Source: Data Processed from Smart PLS SEM 0.4 (2024)

Table 7 shows that all correlation values for the independent variables in this study are below 5.00. Therefore, it can be concluded that there is no multicollinearity among the research variables.

### Hypothesis Testing

**Table 8. Hypothesis Testing Results**

|    | Hypothesis                                   | Standardized Path Coefficient | t-stat |       | P-values | Decision  |
|----|--|-------------------------------|--------|-------|----------|-----------|
| H1 | Store Environment → Customer Satisfaction    | 0.465                         | 8.867  | >1.65 | 0.00     | Supported |
| H2 | Product Quality → Customer Satisfaction      | 0.240                         | 3.702  |       | 0.00     | Supported |
| H3 | Price Fairness → Customer Satisfaction       | 0.315                         | 8.799  |       | 0.00     | Supported |
| H4 | Customer Satisfaction → Repurchase Intention | 0.422                         | 6.203  |       | 0.00     | Supported |
| H5 | WOM → Repurchase Intention                   | 0.306                         | 6.793  |       | 0.00     | Supported |
| H6 | Trust → Repurchase Intention                 | 0.235                         | 3.374  |       | 0.00     | Supported |
| H7 | Customer Satisfaction → WOM                  | 0.762                         | 31.592 |       | 0.00     | Supported |
| H8 | Customer Satisfaction → Trust                | 0.863                         | 48.659 |       | 0.00     | Supported |

Source: Data Processed from Smart PLS SEM 0.4 (2024)

Table 8 shows that all hypotheses are supported, as they have p-values less than the alpha level of 0.05 and t-statistics greater than 1.65. This indicates that all exogenous variables significantly influence the endogenous variables. The positive Path Coefficient values suggest that

the impacts of all variables are positive. This means that improvements in Store Environment, Product Quality, and Price Fairness lead to higher consumer satisfaction. Furthermore, as consumer satisfaction, Word-of-Mouth, and consumer trust improve, the likelihood of repurchase intention also increases.

### Indirect Effect Testing

Indirect Effects refer to the extent to which latent variables influence other variables through indirect pathways. The relationships among variables are considered significant if the T-Statistics column in the indirect effects table exceeds 1.65 or if p-values are less than 0.05. Although the mediating variables are not part of the hypotheses tested in this study, mediation testing was still conducted. Below are the results of the indirect effect testing in this research:

**Table 9. Mediation Testing Results**

| Hypothesis   | Standardized Path Coefficient | t-stat | P-values | Decision    |
|--|-------------------------------|--------|----------|-------------|
| Price Fairness → Customer Satisfaction → Repurchase Intention    | 0.133                         | 5.323  | 0.000    | Significant |
| Price Fairness → Customer Satisfaction → Trust                   | 0.272                         | 9.005  | 0.000    | Significant |
| Price Fairness → Customer Satisfaction → WOM                     | 0.240                         | 7.937  | 0.000    | Significant |
| Product Quality → Customer Satisfaction → Repurchase Intention   | 0.102                         | 2.945  | 0.000    | Significant |
| Product Quality → Customer Satisfaction → Trust                  | 0.208                         | 3.638  | 0.000    | Significant |
| Product Quality → Customer Satisfaction → WOM                    | 0.183                         | 3.629  | 0.000    | Significant |
| Customer Satisfaction → Trust → Repurchase Intention             | 0.203                         | 3.393  | 0.000    | Significant |
| Customer Satisfaction → WOM → Repurchase Intention               | 0.233                         | 6.311  | 0.000    | Significant |
| Store Environment → Customer Satisfaction → Repurchase Intention | 0.196                         | 5.160  | 0.000    | Significant |
| Store Environment → Customer Satisfaction → Trust                | 0.401                         | 8.750  | 0.000    | Significant |
| Store Environment → Customer Satisfaction → WOM                  | 0.354                         | 9.312  | 0.000    | Significant |

The research results indicate that Customer Satisfaction mediates the effects of Store Environment, Product Quality, and Price Fairness on Word-of-Mouth (WOM), Trust, and Repurchase Intention, as evidenced by p-values less than 0.000. This suggests that when Store Environment, Product Quality, and Price Fairness improve, Customer Satisfaction also increases, which subsequently enhances WOM, Trust, and Repurchase Intention.

## DISCUSSION

This study aims to examine the effects of Store Environment, Product Quality, and Price Fairness on Customer Satisfaction, as well as the impacts of Word-of-Mouth (WOM) and Trust on Repurchase Intention among consumers who have shopped at Sephora retail stores. The testing was conducted on 412 respondents, which exceeds the minimum required sample size of 385. The majority of respondents were women aged 25 to 41, categorizing them as Millennials, along with respondents aged 17 to 25, representing Generation Z. Most respondents also had a bachelor's degree and were employed.

### H1: Store Environment significantly affects Customer Satisfaction (Supported)

The first hypothesis examined the influence of Store Environment on Customer Satisfaction. The findings reveal a significant effect, demonstrated by a p-value of 0.000, which is below the alpha level of 0.05, and a t-statistic of 8.867, exceeding the critical value of 1.65. The Path Coefficient of 0.465 indicates that as Store Environment improves by one unit, Customer Satisfaction is expected to increase by 0.465. These findings contrast with Rijali & Rahmawati (2022), which found no significant effect of Store Environment on Customer Satisfaction. However, they align with the studies by Moukrim (2023) and Kurniawan et al. (2019), which confirmed a positive influence. A good store environment can enhance consumer comfort while shopping, fulfilling their expectations when shopping in retail stores. The Expectations Disconfirmation Model (EDM) supports this, emphasizing that consumer satisfaction is based on pre-consumption expectations versus post-consumption experiences (Badarou, 2021).

### H2: Product Quality significantly affects Customer Satisfaction (Supported)

The second hypothesis examined the influence of Product Quality on Customer Satisfaction. The findings reveal a significant effect, with a p-value of 0.000 and a t-statistic of 3.702, both meeting the criteria for significance. The Path Coefficient of 0.240 indicates that an increase of one unit in Product Quality predicts a 0.240 increase in Customer Satisfaction. These findings differ from Iliyas (2021), which reported no significant influence of Product Quality on Customer Satisfaction. Conversely, they align with Lone and Bhat (2023) and Silva et al. (2023), who confirmed a positive relationship. High product quality is essential for consumers when purchasing from reputable brands like Sephora. As noted by Sambo et al. (2022), product quality encompasses characteristics that meet consumer expectations. Thus, the results support the hypothesis that Product Quality positively impacts Customer Satisfaction, with consumers expressing satisfaction with Sephora's product offerings.

### H3: Price Fairness significantly affects Customer Satisfaction (Supported)

The third hypothesis examined the influence of Price Fairness on Customer Satisfaction. The findings reveal a significant effect, with a p-value of 0.000 and a t-statistic of 8.799. The Path

Coefficient of 0.315 indicates that an increase in Price Fairness by one unit predicts a 0.315 increase in Customer Satisfaction. This finding aligns with the research conducted by Kurniawan and Ratnasari (2022) and Konuk (2019), both of which identified a significant positive effect of fair pricing on consumer satisfaction. When consumers perceive prices as fair, they are more inclined to experience satisfaction, especially if they believe the benefits align with the costs. However, some studies, including Kurniawan and Ratnasari (2022), suggest other factors like product quality and service may play more significant roles in determining satisfaction than price fairness alone.

#### **H4: Customer Satisfaction significantly affects Repurchase Intention (Supported)**

The fourth hypothesis examined the influence of Customer Satisfaction on Repurchase Intention. The findings revealed a significant effect, with a p-value of 0.000 and a t-statistic of 6.203. The Path Coefficient of 0.422 indicates that a one-unit increase in Customer Satisfaction predicts a 0.422 increase in Repurchase Intention. These results align with Ain et al. (2021) and Nguyen et al. (2021), which confirmed the positive influence of satisfaction on repurchase intention. However, they differ from Mittal and Kamakura (2001), who suggested that customer characteristics may moderate this relationship. Overall, satisfied consumers are more likely to return to Sephora for future purchases.

#### **H5: Word-of-Mouth significantly affects Repurchase Intention (Supported)**

The fifth hypothesis examined the influence of WOM on Repurchase Intention. The findings revealed a significant effect, with a p-value of 0.000 and a t-statistic of 6.793. The Path Coefficient of 0.306 implies that an increase in WOM by one unit predicts a 0.306 increase in Repurchase Intention. This finding contrasts with Putra (2020), which found no significant impact of WOM on repurchase intention. However, it supports Nathalia and Indriyanti (2022) and Saodin (2021), which confirmed a positive relationship. Consumers are more likely to trust information from previous consumers rather than from the company, enhancing repurchase intention.

#### **H6: Trust significantly affects Repurchase Intention (Supported)**

The sixth hypothesis examined the influence of Trust on Repurchase Intention. The findings revealed a significant effect, with a p-value of 0.000 and a t-statistic of 3.374. The Path Coefficient of 0.235 indicates that an increase in Trust by one unit predicts a 0.235 increase in Repurchase Intention. This aligns with Upamannyu et al. (2015) and Dayani et al. (2022), which found a positive influence of Trust on Repurchase Intention. However, it differs from Sirdeshmukh, Singh, and Sabol (2002), who argued that perceived value might overshadow trust.

#### **H7: Customer Satisfaction significantly affects Word-of-Mouth (Supported)**

The seventh hypothesis examined the influence of Customer Satisfaction on WOM. The findings revealed a significant effect, with a p-value of 0.000 and a t-statistic of 31.592. The Path Coefficient of 0.762 indicates that an increase in Customer Satisfaction by one unit predicts a 0.762 increase in WOM. These findings are consistent with Kavitha and Gopinath (2022) and Parnataria and Abror (2019), confirming a positive relationship. However, they contradict Tan and Lee (2021), who argued that high satisfaction doesn't always lead to WOM, especially in competitive markets.

#### **H8: Customer Satisfaction significantly affects Trust (Supported)**

The eighth hypothesis examined the influence of Customer Satisfaction and Trust. The findings revealed a significant effect, with a p-value of 0.000 and a t-statistic of 48.659. The Path Coefficient of 0.863 indicates that an increase in Customer Satisfaction by one unit predicts an 0.863 increase in Trust. These findings align with Utami et al. (2023) and Parnataria and Abror (2019), supporting the hypothesis that satisfied customers are more likely to trust the brand. However, Johnson and Grayson (2005) suggest that cognitive factors might play a larger role than emotional satisfaction in building trust. In summary, this study supports the hypotheses that Customer Satisfaction is influenced by Store Environment, Product Quality, and Price Fairness, which in turn affects Repurchase Intention, WOM, and Trust.

## CONCLUSION

The conclusions drawn from the research findings and data analysis are as follows:

1. Store Environment significantly positively influences Customer Satisfaction, thus supporting Hypothesis 1.
2. Product Quality significantly positively influences Customer Satisfaction, thus supporting Hypothesis 2.
3. Price Fairness significantly positively influences Customer Satisfaction, thus supporting Hypothesis 3.
4. Customer Satisfaction significantly positively influences Repurchase Intention, thus supporting Hypothesis 4.
5. Word-of-Mouth (WOM) significantly positively influences Repurchase Intention, thus supporting Hypothesis 5.
6. Trust significantly positively influences Repurchase Intention, thus supporting Hypothesis 6.
7. Customer Satisfaction significantly positively influences Word-of-Mouth, thus supporting Hypothesis 7.
8. Customer Satisfaction significantly positively influences Trust, thus supporting Hypothesis 8.

## Managerial Implications

The results show that Customer Satisfaction has the strongest impact on Repurchase Intention among Sephora consumers, as indicated by the Standardized Path Coefficient. This means management should prioritize customer satisfaction to boost repeat purchases. Word-of-Mouth (WOM) also significantly affects Repurchase Intention, suggesting that management should work on enhancing WOM. Descriptive analysis shows low scores on indicators related to consumers' willingness to speak positively about Sephora and recommend it to others. To address this, management could introduce a Referral Program that rewards customers for referrals with discounts or product gifts. Price Fairness also plays a significant role in Customer Satisfaction; management should focus on competitive pricing, especially discounts, as these were important yet underperforming. Store Environment significantly impacts Customer Satisfaction as well, particularly through store decorations, which received low ratings. A unique, brand-aligned design can improve customer perception of the store.

### Limitations of the Study

This study has several limitations that future research should address to deepen the understanding of the factors influencing consumer Repurchase Intention at Sephora. Firstly, it focused solely on Store Environment, Product Quality, and Price Fairness without exploring other potential influencing variables, as indicated by the R Square results. Additionally, the study did not differentiate among the various products sold at Sephora.

### Recommendations for Future Research

Future research should consider additional variables beyond Store Environment, Product Quality, and Price Fairness, such as Brand Image, Customer Loyalty, Service Quality, and Promotional Activities, to gain a more comprehensive understanding of factors affecting Customer Satisfaction and Repurchase Intention. Since Sephora offers diverse brands and products, future studies could also focus on specific product categories. This targeted approach may reveal unique influences on customer satisfaction and repurchase intentions for products, leading to deeper insights into consumer behavior and preferences at Sephora.

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