THE EFFECT OF SALES PROMOTION, SERVICE QUALITY, PERCEIVED VALUE ON REPURCHASE (CASE STUDY OF ORIGINAL LEVIS STORE IN JAKARTA)

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ABSTRACT

The purpose of this study was to examine the effect of sales promotion, service quality, and perceived value on consumer repurchase at the Original Levis Store in Jakarta. The sample was selected using the non-probability sampling method with a total of 180 respondents who were users of products with Levis Brand that were sold at the Original Levis Store in Jakarta. Data processing techniques used the SmartPLS 3 program. The results of this study indicate that sales promotion, and perceived value affect consumer repurchase. Of the three influential variables tested, perceived value is the variable with the biggest influence. Thus, in order to increase sales, perceived value can be an important input for the Original Levis Store in determining its sales strategy.

Keywords: *Sales Promotion, Service Quality, Perceived Value, Repurchase*

1. INTRODUCTION

Indonesia is a developing country with the largest population in Southeast Asia and is a potential business market. This market potential drives producers to compete in creating products and services according to the needs and purchasing power of the consumers in Indonesia.

The development of information and communication technology at this time makes it easy for producers to create and market their products and it makes consumers more selective in fulfilling their needs. According to Abraham Maslow, the needs of humans (consumers) are arranged in a hierarchy from the most urgent to the least urgent, which includes aspects of psychological needs, security, social, appreciation and self-actualization (Kotler & Keller, 2009). Currently, the field of clothing or fashion has become an inseparable need and is considered an important part of a person's lifestyle. In the past clothing only functioned as a way to cover the body and on occasion, for decoration, but now it has changed and developed into an instrument of identity and social strata for an individual.

Today, the clothing industry is not only in the form of fashion and accessories but has changed its function into a tool to mark a person's social status and individual social class. As such, it has become a tool for individuals to distinguish social class and their uniqueness from others. This industry is not only considered as a work of art but is already a mirror and symbol for individuals in social life.

Nowadays, the fashion retail industry is competing to offer a variety of sales promotions to attract new and regular customers to come and shop again with due regard to the service quality of the SPG or SPB in serving buyers. However, some customers basically buy a product from a company that offers the highest perceived value, they evaluate the benefits received with their sacrifice to get the product. Loyal consumers are those who make repeated purchases from the same business entity or brand, notify others about the satisfaction obtained from the company, and show immunity to the offers of other competing companies (Subagio, Saputra, [12]).

2. BACKGROUND

2.1. Sales Promotion

Promotion is an activity to convey the benefits of the product and persuade customers or consumers to buy it (Kotler & Armstrong, [6]), according to Beleh [2], Promotion is the coordination of all efforts that are intentionally carried out by the seller to compile information and persuasion channels to sell goods and services or to promote an idea even though communication occurs implicitly through various elements of the mix marketing in which most of an organization's communication with the market occurs as part of a planned promotion of control. According to Kotler [7] sales promotion is divided into 3 as follows: (a) Consumer

Promotion: Samples, coupons, rebates, price-offs, premiums, contest and demonstrations. (b) Trade Promotion-Buying Allowance: Free Goods, Cooperative advertising, Push Money. (c) Sales Force Promotion: Giving bonuses and contests.

2.2. Service Quality

Service Quality is the overall economic activity generated that is not physical or part of the construction industry. It is generally produced and consumed simultaneously and provides added value such as: comfort, entertainment, pleasure, or health to consumers. According to Kotler, services are activities and actions offered by one party to another party which is basically intangible and does not cause any ownership transfer (Lupiyoadi [9]). One of the other approaches that can be used in measuring service quality is the SERVQUAL (Zeithaml, Bitner, & Dwayne 2009). The approach is as follows: (a) Tangible, it is a physical facility owned by a company, such as office equipment, transaction rooms etc. (b) Reliability, it is the ability of the services provided by the company in accordance with what has been promised and is accurate. (c) Empathy, it is the attention of employees and the company to consumers.
(d) Responsiveness, it is the willingness of employees to provide good service to consumers immediately.
(e) Assurance, it is the behavior (politeness and skill) and knowledge of the company's employees to be able to provide confidence and trust to consumers.

2.3. Perceived Value

According to Johana (2006) Perceived Value is the total value of deals in other words the maximum price paid by consumers for a series of attributes of economic and noneconomic attached to a product. There are four different ways of consumers view of value. As follow: (1) Value based on price, some consumers view that a product has value if the price is low or cheap. Research conducted by Schechter and Bishop (1984) identifies a group of consumers who equate value with price, whereas research conducted by Hoffman (1984) explains that there is a relationship between value and price. (2) Value based on the products uses, consumers will view a product as valuable if they get the benefits that they expected from the product purchased. This is consistent with the economic definition of utility, which is a subjective measurement related to the expected usefulness or satisfaction when a consumer uses a product. Meanwhile, Chain Store Age (1985) states that value is everything that becomes a consideration of consumers when determining the product to be purchased. (3) Value based on the quality of the product, Zeithaml (1998) conceptualizes value as a tradeoff between the give (price) component and the get (quality) component shown as follows: (a) Value is price first and quality second. (b) Value is the lowest price for a quality brand. (c) Value is the same as quality. (d) Value is what the consumer gets for what they give. From the four value statements, it is concluded that the perceived value is the overall assessment of consumers on the benefits of a product based on perceptions related to what they will get and what they will give in return. What is expected from a product is different between one consumer and another.

2.4. Repurchase

Repurchase is a consumer's decision to repurchase a product or service based on what has been obtained from the same company previously. Where value is perceived for the expenses to obtain goods and services, there is a tendency for these purchases to be made periodically and repeatedly (Hellier et al, 2003). Some definitions of purchase intention are as follows: (a) Purchase intention is considered as a trap or intermediary between motivational factors that influence behavior. (b) Purchase intention also indicates how far someone has the will to try. (c) Purchase intention shows the measurement of one's will. (d) Purchase intention is related to continuous behavior. Marketers or marketing will always test the elements of a marketing mix that might affect the consumer's purchase intention. Thus, it can be concluded that the purchase intention is the consumer's intention to buy a product based on certain factors, either advertisements or brands that can influence purchasing decisions. in repurchases indirectly contain elements of loyalty to the product of a brand. Brand loyalty in which consumers have positive behavior towards a brand, has a commitment to the brand and intends to continue buying in the future (Isnandar, [4]).
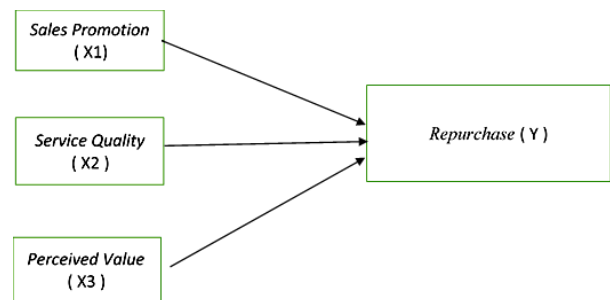
2.5. Framework

Figure 2 Research Model

2.6. Reseasrch Hypothesis

The hypothesis in this study are as follows:
H1: Terdapat pengaruh signifikan Sales Promotion (X1) terhadap *Repurchase* (Y)
H2: Terdapat pengaruh signifikan Service Quality (X2) terhadap *Repurchase* (Y)

H3: Terdapat pengaruh signifikan Perceived Value (X3) terhadap *Repurchase* (Y)

3. Research Methodology

This study uses primary data by distributing questionnaires to respondents through Google form. It uses two types of variables, independent and dependent variables. The independent variables used are Sales Promotion, Service Quality, and Perceived Value, while the dependent variable used is repurchase. Researchers used a non-probability sampling method with a total of 180 questionnaires distributed. The data analysis methods used in testing the Statistical Hypothesis are the R-Square test (R2), F-Square test (F2), Q-Square (Q2), GoF test, using the Bootstrapping method with the help of the SmartPLS3 program.
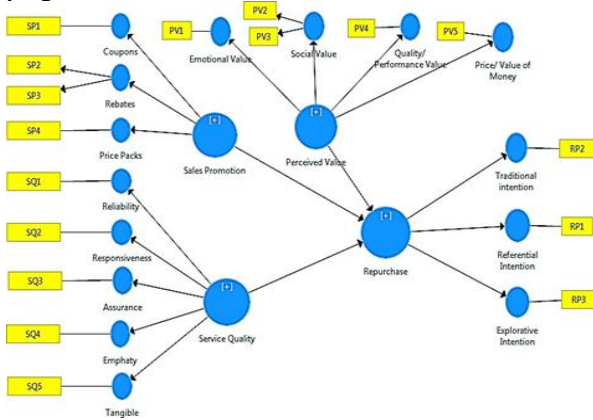

Figure 1 initial Stages of The Outer Model

4. RESULT AND CONCLUSIONS

4.1. R- Square Test

Table 1 R- Square Test Result

Variable	R-Square
Repurchase	0,724

The R-square for the Repurchase variable is 0.724. The assessment shows that the percentage of Repurchase variable can be predicted by Sales Promotion, Service Quality and Perceived Value of 72.4%. The remaining 27.6% is explained by other variables. In this study, the R-square (R2) value for the Repurchase variable is 0.724, which means it is strong.

4.2. F- Square Test

The results obtained are that Sales Promotions have an impact on the value of F-square on the small Repurchase because it has a F2 value of 0.02 (small). Furthermore, the Service Quality has an impact on the F-square value on a small Repurchase because it has a F2 value of 0.111 (small). The Perceived Value has an impact on the F-square value on a large Repurchase because it has a F2 value of 0.330 (large).

4.3. Q- Square Test

After the R-square value on each variable is generated, it can calculate the value of Q2 with the formula:

$$Q\text{-Square} = 1 - (1 - R12)$$
$$= 1 - (1 - 0,524176)$$
$$= 1 - (0,475824)$$
$$= 1 - 0,476$$
$$= 0,524$$

The Q2 value is used to measure how well the value is produced by the model and its estimated parameters. If the values obtained are 0.02, 0.15, and 0.35, it means small, medium, and large respectively.

4.4. Goodness of Fit Model Test

Table 2 GoF Test Result

	AVE
Coupons (Kupon)	1,000
Rebates (Potongan Harga)	0,735
Price packs (Buy One Get One Free)	1,000
Sales Promotion	0,711
Reliability (keandalan)	1,000
Responsiveness (daya tangkap)	1,000
Assurance (jaminan)	1,000
Empathy (kepedulian)	1,000
Tangible (bukti fisik)	1,000
Service Quality	0,728
Emotional value	1,000
Social value	0,803
Quality / perfomance value	1,000
Price / value of money	1,000

Perceived Value	0,662
Transactional Intention	1,000
Intention Referential	1,000
Explorative Intention	1,000
Repurchase	0,730
AVE	**0,914**

GoF > 0.1 = small. GoF > 0,25 = moderate, GoF > 0,38 = large

After the required average (AVE) and R- square values have been obtained, the value of GoF can be calculated using the following formula:

$$GoF = \sqrt{AVE \times R2}$$
$$GoF = \sqrt{0,914 \times 0,724}$$
$$GoF = 0,436 \text{ (Large)}$$

4.5. Hypothesis Testing Using the Bootstrapping Methode

Tabel 3 Hypothesis Testing Using the Bootstrapping Methode Result

Hipotesis	Path Coefficient	T Statistic	P Value	Keterangan
Sales Promotion > *Repurchase*	0,161	2,094	0,037	H1 : Diterima
Service Quality > *Repurchase*	0,292	4,049	0,000	H2 : Diterima
Perceived Value > *Repurchase*	0,482	7,197	0,000	H3 : Diterima

P-value <0,05, t-statistics >1,96

Based on the analysis results of research data, the conclusions of this study are as follows:
Hypothesis 1 there is a significant influence between Sales Promotion on Repurchase because the P-Value is 0.037. this study
<0.05, which means H1 is not rejected. This study conducted by Akhter & Rizwan [1], the results obtained indicate that discounted prices and displays at outlets have a significant role in repurchase behavior, where price discounts affect customer purchase trial behavior and price promotions cause consumer repurchase behavior and short-term steps to increase sales levels.
Hypothesis 2 there is a significant influence between Service Quality on Repurchase because the P-Value is 0,000 <0.05, which means H2 is not rejected. This study conducted by Muhammad, Sadaf, Asif Yaseen [10], It shows improvements in the Service Quality in Original Levis Store both in terms of Reliability, Responsiveness,

Assurance, Empathy, Tangible will make customer Repurchase in Original Levis Store Rises.
Hypothesis 3 there is a significant influence between Perceived Value on Repurchase because P-Value is 0,000 <0.05, which means H3 is not rejected. This study conducted by Patterson, Spreng, Richard [11] , the results obtained state that perceived value influences intention directly to pre-purchase situations and to neglecting satisfaction that values such as performance mediated by satisfaction affect repeat purchase behavior are influenced by the benefits of using products or services.
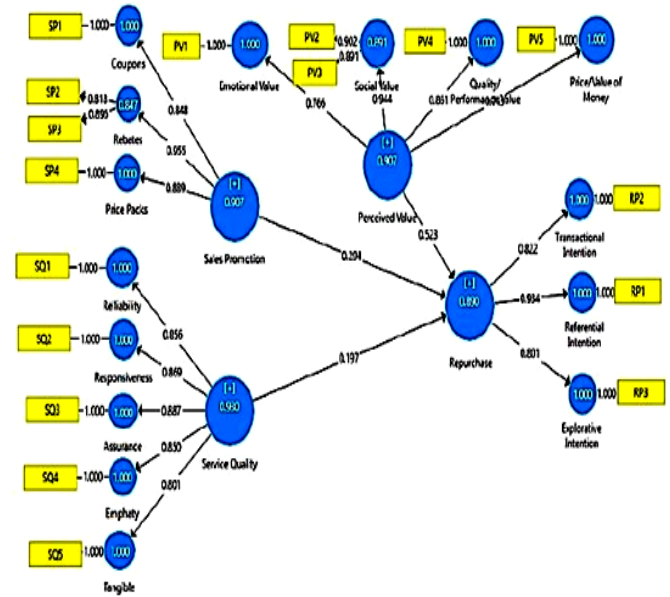
Figure 3 Final Image of The Outer Model

SUGGESTION

Levis Brand of Original Levis Store is generally known to have excellent product quality and is already well known by denim lovers in Indonesia and Jakarta in particular. It already has customers who could be said to be fanatical about the brand and to continue to repurchase Brand Levis products. But the product quality needs to improve. This will also improve brand prestige for users and allow pricing according to the quality of the product.
This is important, not only to retain customers but also to get more new customers, and to keep them informed about the latest models released by Brand Levis and that they can only be purchased at the Original Levis Store. The author also suggests conducting sales promotions that are more varied, such as working with other parties, like e-money companies (Dana, Gopay, Shopeepay, and others) or working with parties who can collaborate with the denim clothing concept promoted by the Levis Brand, such as a motorcycle club, in order to further enhance the prestige of Brand Levis users. Suggestions for further research intend to increase the number of respondents to over 180 and add other variables that affect the repurchase

variable. This will sharpen and clarify the results of the research conducted by the authors.

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