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Article

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Structural model of repeating purchase in training institute: the effect of satisfaction, price, and service quality

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ABSTRACT

Repeat purchases are an important element in marketing because they increase revenue. For commercial training institute, revenue is also important. Studies have shown that price of an initial purchase relates to repeat purchases; however, the strength of this relationship may depend on several variables. This study aims to determine whether satisfaction and service quality can moderate the relationship between price and repeat purchases specifically in a training industry. We analyzed 90 courses offered by a training institute. Using the partial least squares statistical technique, we find that the price of training predicts repeat purchases. The relationship between price and repeat purchases strengthens as satisfaction improves but not service quality. However, both satisfaction and service quality had a positive effect on repeat purchases. Therefore, in addition to the fee to attend training, training institutes need to improve participants' satisfaction and service quality, thus improving the firm's repeat purchase.

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Customer satisfaction; partial least square; price; repeat purchase; service quality

SUBJECTS

Marketing; marketing management; continuing professional development

1. Introduction

It has long been noticed that education industries have transformed their orientation from teaching to customer-oriented education, as indicated in the study of Kuo and Ye (2009). Repeat purchase also known as 'customer's repeat purchase' (Nemzow, 2000), refers to customers who buy again of a product manufactured or produced by the same company (Damit et al., 2019). There is a difference between first-time customers and repeat customers and it is important to know the differences since it is the basis for developing a marketing-related strategy (Chua et al., 2016; Ryu & Han, 2011). Several studies have been done to compare the new customers and the repeat customers (Anwar & Sohail, 2004; Chi, 2012; Li et al., 2008; Petrick, 2004; Ryu & Han, 2011), especially in looking at their decision-making process and behaviors (Fakeye & Crompton, 1991; Han et al., 2011; Lee et al., 2009; Lichtenstein et al., 1988), and also in trying to convert from new customers to repeat customers (Payne, 1999).

The issue of repeat purchases in commercial training institutes becomes significant since it increases the number of participants and thus sales. Most research showed that price plays an important role in repeat purchases (Ahmad et al., 2014; Kumar et al., 1992; Shani et al., 2012; Wibowo & Soedjono, 2014). The relationship between price and repeat purchase is getting more important as the effectiveness of the price skimming strategy is very much dependent on the repeat purchase rate (Lotfi et al., 2024). Research also showed that satisfaction related to price (Ahmad et al., 2014; Kumar et al., 1992; Norum & Cuno, 2011; Shani et al., 2012) and repeat purchase (Musa et al., 2012; Rather, 2018). Another variable that leads to repeat purchases is service quality (Chumpitaz & Paparoidamis, 2007; Fullerton, 2005; Rauyrue & Miller, 2007; Sudirjo et al., 2024). And, in another study service quality seems to relate with price (Zeithaml & Bitner, 1996).

Some studies on repeat purchases have been done. However, those studies have never been done in commercial training institutes. Hidayati et al. (2020) studied three variables that might affect repeat

purchases in commercial training institutes and found that two of the variables have no direct effect on repeat purchases. Only one variable, service quality has a direct effect. However, the effect of service quality is very small ($R=0.067$). Therefore, further study needs to be done. The main purpose of this study is to construct a structural model of repeat purchases for training institutes. Specifically, to know if satisfaction and service quality can be used to moderate the relationship between price and repeat purchases. This study will have a significant contribution to the management of commercial training institutes in increasing and keeping their customers.

2. Hypotheses and structural model

Repeat purchases occur when customers have previous consumption experience (Fakeye & Crompton, 1991; Lichtenstein et al., 1988). From experience, the customer may feel either satisfied or dissatisfied with the value they receive and the price they pay. Repeat purchases occur only if consumers are satisfied with the products or services (Wibowo & Soedjono, 2014) accompanied by an acceptable price.

2.1. Price

Price is what a person sacrifices to obtain certain products or services (Anderson et al., 1994; Athanassopoulos, 2000; Chang & Wildt, 1994; Sirohi et al., 1998). Lower price products with lesser involvement resonate with repeat purchase behavior (Kumar et al., 1992). In a study of counterfeits, lower prices influence repurchase intention in the future (Norum & Cuno, 2011). Studies showed that price became a strong factor that leads to repeat purchases (Ahmad et al., 2014; Shani et al., 2012) since by doing so, they think of gaining economic gain (Poddar et al., 2012). In terms of buyer's decision-making process, it is greatly influenced by price (Nofriawaty & Yuliandi, 2014) since price determines repeat purchases (Ahmad et al., 2014; Shani et al., 2012; Sudirjo et al., 2024).

There is a relationship exists between the price from the first purchase and the repeat purchase. The effect of price on repeat purchases may be weak or strong depending on several factors. This study intends to see the correlation between price and repeat purchases especially in commercial training institutions.

Ha1: Price can be used to predict repeat purchases.

2.2. Satisfaction

Customers who are satisfied with their first purchase tend to make repeat purchases (Fakeye & Crompton, 1991; Wibowo & Soedjono, 2014). Satisfaction plays an important role in repurchase decisions (Musa et al., 2012; Rather, 2018) and was found to relate to repeat purchases (Chen et al., 2020; Tian et al., 2022; Wahab, 2017; Yao et al., 2024). There are two ways to conceptualize customer satisfaction. The first is transaction-specific satisfaction (Boshoff & Gray, 2004; Cronin & Taylor, 1992), and the second is overall satisfaction (Cronin & Taylor, 1994; Shankar et al., 2003; Yi & La, 2004). Another way of looking at satisfaction is first from cognitive aspects, that is, the actual product performance as compared to the expectation; and second, from an affective or emotional component such as feeling during the purchase and utilization of the product or service (Homburg et al., 2006; Smith & Bolton, 2002).

Studies have shown that emotions play an important role in determining satisfaction (Bei & Chiao, 2001; Fournier & Mick, 1999; Homburg et al., 2006; Oliver, 1993; Soderlund & Rosengren, 2004; Westbrook & Oliver, 1991). Besides, there are several reasons for customers to switch to competitors, but none seems to connote affective (Szymanski & Hise, 2000; Reichheld & Teal, 1996). Thus, further studies need to be done, even though much research in marketing has frequently used customer satisfaction (Gustavo & Kevin, 2009) since customer satisfaction can be applied to different kinds of products and services (Fornell et al., 2010; Gupta & Zeithaml, 2006; Keiningham et al., 2007).

Ha2: Satisfaction has a significant correlation with repeat purchases.

Few studies have examined the relationship between satisfaction and price, particularly in educational institutions. What we can obtain is that satisfaction is the value a person receives from what is expected during the pre-purchase and what is taken after purchase (Kotler, 1991), and that may include the price. Satisfaction seems to be related to the perceived price. Does satisfaction affect price or does price affect satisfaction? Perceived price has an indirect effect on satisfaction through perceived value (Tan & Le, 2023). However, as satisfaction increases, the negative impact of price increases weakens (Homburg et al., 2005). Satisfaction seems to affect perceived price.

Ha3: Satisfaction has a significant correlation with price.

From hypotheses Ha2 and Ha3, we can see that satisfaction may moderate the relationship between price and repeat purchase.

2.3. Service quality

A company can differentiate itself by its service quality (Boshoff & Gray, 2004). Studies have shown that service quality provides an excellent competitive advantage (Parasuraman et al., 1988; Rust et al., 2004) and should be given top priority in strategic planning (Taylor & Baker, 1994). It has a positive effect on customer loyalty (Chumpitaz & Paparoidamis, 2007; Fullerton, 2005; Rauyruen & Miller, 2007; Sudirjo et al., 2024) that leads to repeat purchases. It is also an important factor in determining repurchase decisions (Andaleeb, 1998; Kotler & Keller, 2016; Taylor & Baker, 1994; Torres, 2014; Wibowo & Soedjono, 2014).

Ha4: Service quality has a significant correlation with repeat purchases.

In measuring service quality, the use of the SERVQUAL model introduced by Parasuraman in 1985 has been well known (Parasuraman et al., 1985, 1988). However, it is not without flaws (Luiza, 2011) that led to the introduction of another model such as SERVPERF (Cronin & Taylor, 1992). The SERVQUAL model has five dimensions. However, further studies showed that measuring service quality depends on the industry. Carman (1990) in his hospital research made use of nine factors, Bouman and van der Wiele (1992) in their car survival research made use of three factors, while Gagliano and Hathcote (1994) in their retail clothing research made use of four factors. In this study of training institutes, we are using three dimensions of quality the instruction, the method, and the materials.

Service quality is subject to quality of service, quality of product, and price (Zeithaml & Bitner, 1996). While evaluating quality, one study showed that price is a crucial factor (Zeithaml, 1988). Every time a consumer evaluates the value of a product or service, they consider the price (Anderson & Sullivan, 1993; Athanassopoulos, 2000; Cronin et al., 2000; Fornell, 1992; Zeithaml, 1988). Therefore, service quality appears to be related to price.

Ha5: Service quality has a significant correlation with price.

From hypotheses Ha4 and Ha5, we can see that service quality may moderate the relationship between price and repeat purchase.

2.4. The structural model

Repeat purchases are an important factor in marketing, as they increase revenue. The price of the initial purchase may be related to repeat purchases. However, the strength of this relationship depends on several variables, including satisfaction and service quality. By understanding how well these variables moderate the relationship between price and repeat purchases, marketing practitioners, especially those in training, can improve their sales.

The structural model of this study is illustrated in Figure 1. A structural model is composed of an inner model and an outer model. The inner model is sometimes known as the structural model while the outer model is sometimes known as the measurement model.

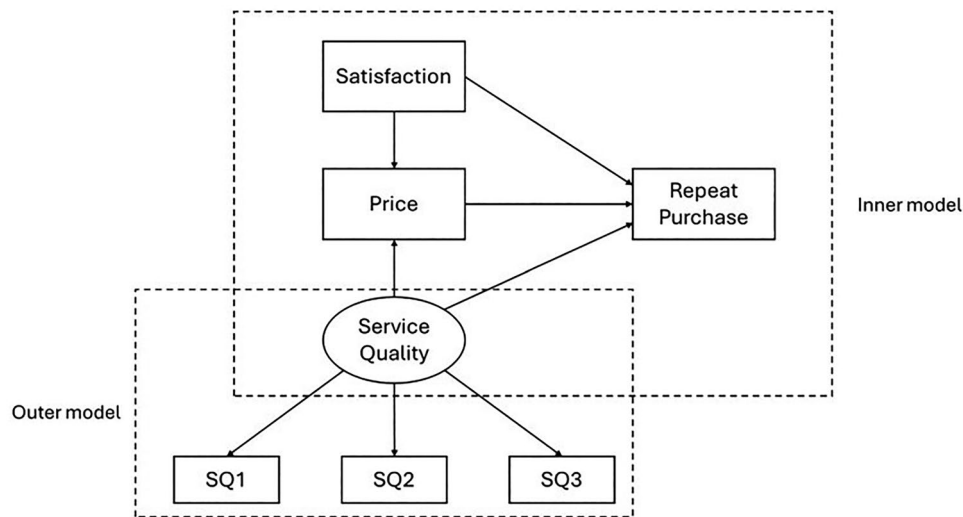


Figure 1. The structural modeling of repeat purchases in training institutes (Source: by the author).

3. Method

3.1. Participants

The participants in this study were customers of an established Indonesian management training institute. This training institute offers more than hundred different short courses each year, and more than ten thousand enrollees every year. The customers of this training institute are companies. They sent their employees to take courses at this training institute. Some courses have more participants, while others have fewer. When more participants enrol in a course, it indicates that companies continue to send their employees to take similar courses. We analysed the 90 courses offered by the institution.

The participants were selected purposively. There were several criteria used in selecting the participants. They were enrolled as the training participants in a selected training institute; they enrolled in the year 2019; and they were included as the participants in the 90 training courses selected conveniently for this study.

All procedures performed in this study involving survey to human participation have been in accordance with the ethical standards of Sekolah Tinggi Manajemen PPM (PPM School Management) which abide with the global standards. The research proposal was submitted to the research center and case clearing house of PPM School of Management including the questionnaire to be used in the study. We received a letter of approval indicating that our research was feasible, and research proposal was approved. The research received ethical approval from the ethical review committee of PPM School of Management (letter number 565/RC-CCH/STM-PPM/23). During questionnaires distribution, it was verbally mentioned that the participants had the right not to answer the questionnaire if they felt so. The following statement was informed to the participant before they fill up the questionnaire:

Before you agree to fill up the questionnaire, we want you to understand the reason for collecting this information. This information will be used to evaluate the effectiveness of the training program that you have taken. There will be no name or any identification that indicates your identity in the questionnaire. You are free to express your perception about the training and to respond whether you agree or disagree with the statements that indicate some of your behavioral traits. By filling up the questionnaire you are considered willing to participate. You have the freedom not to fill up the questionnaire if you feel so.

Written consent with the signature from the participants is not required in this survey since that will destruct the way they will answer the questionnaire. By knowing their identity, we may not get the true response to the questionnaire. They might feel that their identity is known and hesitate to give true response. We have to make sure that by filling up the questionnaire, their identity is secured.

3.2. Procedure

Upon receiving the research proposal, we approached a training institute for them to allow research to be conducted in their institution. The institution has a standardized questionnaire that measure the satisfaction and perceived service quality of the participant (PPM Manajemen, 2020). The questionnaire was given to the participants at the end of the training session. It is part of the evaluation that the participants had to fill up. However, for ethical reason, the participants had the right not to answer the questionnaire.

Upon receiving a secure email from the training institute allowing research to be conducted, the researchers started to list all the courses offered in that period. There were three group of courses, the on-side sort-courses, the certification courses, and the online training courses. Only 90 of the on side short courses were selected out of 141 courses offered in that period. A cluster systematic technique was used in selecting the sample. The courses were grouped into three clusters and one cluster was systematically selected based on two criteria, the selection of the course is based on need and not as required by regulator, and there was enough number of participants in the cluster. There was one cluster that met these criteria. That was the on-side sort-courses with 90 courses where all member of the cluster was selected. The certification courses and the online courses were excluded from the study since those taking the certification courses mostly due to regulator or government requirement and not based on the needs. We also excluded the online courses since those taking the online course are too small in numbers as compared to onside short courses. Based on these 90 courses the researchers request the institution to provide information regarding the number of participants taking each of those courses, and the prices of the courses. The items in the questionnaire were taken from the items that had been developed by the institution to measure satisfaction and service quality. The items were constructed in Likert Scale ranging from Very Dissatisfied as 1 to Very Satisfied as 5. There was one question that asked the overall satisfaction of the participants (Overall I am satisfied). Five reflective items to measure service quality. Out of the 5 items for service quality, only three items are appropriate as a construct (The teaching methods used are interesting, A balanced combination of theory and practice, and Reading materials help the learning process).

3.3. Endogenous variables

The endogenous variables in this study were price and repeat purchases. Price is what a company pays for each participant taking a particular course. Each course has a different price depending on its demand and length. A two-day course will have a different price than a three- or four-day course will. However, two different courses of the same length could have different prices depending on the demand of that course.

Repeat purchases were measured by the number of participants enrolled in each training course for a year. When more participants enrol in the same course, the same company continues to send their employees to take the same course. The institution limited the number of participants in a class to a maximum of 24. If more than 24 people enrol in a particular class, it is possible to open more classes to accommodate high enrolment. Moreover, there is a limited number of clients, so the more participants enrol, the higher the repeat purchase.

3.4. Exogenous variables

This study has two exogenous variables: satisfaction and service quality. Both variables also act as moderating variables in the relationship between price and repeat purchase. Satisfaction was measured by letting the participants select a score from 1 to 5. One indicated very dissatisfy to 5 very satisfied with the course they had attended. Service quality is a latent variable measured by three observable reflective variables expressed in statements. The participants were asked to respond to the statements, whether they agreed or disagreed, on a five-point Likert scale.

The three items of service quality were tested for convergent validity. As shown in Table 1, all three items have outer loadings higher than 0.70. Most research makes use of an outer loading greater than 70% to indicate that the items are valid convergently.

Table 1. Convergent validity of service quality.

	SQ-Q1	SQ-Q2	SQ-Q3
Service quality	0.879	0.950	0.880

Source: Results of data analysis.

Table 2. Discriminant Validity.

	Price	Repeat purchase	Satisfaction	Service quality
Price	1			
Repeat purchase	0.214	1		
Satisfaction	0.324	0.145	1	
Service quality	0.094	0.233	0.785	0.904

Source: Results of data analysis.

Table 3. Cronbach alpha internal consistency and composite reliability.

	Cronbach alpha	Composite reliability
Service quality	0.888	0.930

Source: Results of data analysis.

In terms of discriminant validity, all constructs (price, repeat purchase, satisfaction, and service quality) have average variance extracted, which is higher than the correlation between that construct and the other constructs in the model, as shown in Table 2.

The instrument for service quality is reliable, as indicated by both Cronbach's alpha, internal consistency, and composite reliability, as shown in Table 3. The minimum required reliability score for most research was 70%, and both Cronbach's alpha and composite reliability were higher than 0.70.

3.5. Statistical analysis

In analyzing the data, the partial least squares (PLS) statistical technique was used with the help of SmartPLS statistical software. This is the most appropriate statistical tool. PLS allows for both reflective and formative latent variables, appropriate for distribution-free and small sample sizes (Pirouz, 2006). This study makes use of both reflective (service quality) and formative (satisfaction) latent variables, and the sample size was taken from 90 training courses. The inner model strength is determined by R^2 , whereas the significance of the inner model is tested with the significance of the beta coefficient. Both direct and indirect effects were also computed.

4. Results

The null hypothesis that states no relationship exists between price and repeat purchase is rejected ($\beta=0.261$, $p<0.05$), as shown in Table 4. Price can be used to predict repeat purchase. As prices increase, repeat purchases tend to increase as the beta coefficient becomes positive.

The null hypothesis that state satisfaction and service quality are not moderating variables in the relationship between price and repeat purchases was rejected. Satisfaction significantly predicts price ($\beta=0.653$, $p<0.5$), as shown in Table 4. As satisfaction increases, prices also tend to increase. However, there was no significant relationship between satisfaction and repeat purchases at a significance level of 0.05 ($\beta = -0.269$, $p>0.05$).

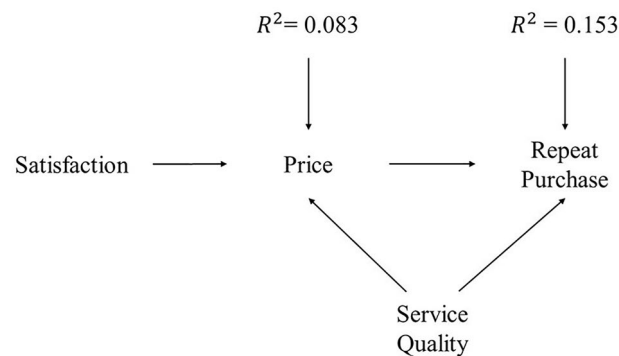
Service quality significantly predicts price ($\beta = -0.420$, $p<0.05$), as shown in Table 4. As service quality increases, prices tend to decrease since the beta coefficient is negative. However, there is a positive correlation between service quality and repeat purchases ($\beta=0.419$, $p<0.05$). As service quality increases, repeat purchases also tend to increase.

As shown in Figure 2, satisfaction and service quality can explain 8.3% ($R^2=0.083$) of the change in price. Satisfaction ($\beta=0.653$) and service quality ($\beta = -0.420$) have a direct effect on price. However, satisfaction had an indirect effect on repeat purchases ($r=0.171$), as shown in Table 5. The total effect of satisfaction with repeat purchase was -9.8% ($\beta = -0.098$). Service quality has a positive direct effect

Table 4. Significant of the inner model.

	β Coefficient	p -Value
Price \rightarrow Repeat purchase	0.261	0.016
Satisfaction \rightarrow Price	0.653	0.000
Satisfaction \rightarrow Repeat purchase	-0.269	0.098
Service quality \rightarrow Price	-0.420	0.046
Service quality \rightarrow Repeat purchase	0.419	0.019

Source: Results of data analysis.

**Figure 2.** The final structural model of repeat purchase (Source: by the author).**Table 5.** The indirect and total effect.

	Indirect effect	Total effect
Satisfaction \rightarrow Repeat purchase	0.171	-0.098
Service quality \rightarrow Repeat purchase	-0.110	0.310

Source: Results of data analysis.

($\beta=0.419$) and a negative indirect effect ($\beta = -0.110$) on repeat purchases. As shown in Table 5, the total effect of service quality on repeat purchases is 31% ($\beta=0.310$). Price can explain 15.3% ($R^2=0.153$) of the change in repeat purchases.

5. Discussion

Our study shows that price can predict repeat purchases. This finding is supported by previous research showing that price is an important factor leading customers to repeat purchases (Ahmad et al., 2014; Shani et al., 2012). Price plays an important role in influencing buyers' decision-making processes (Nofiauwaty & Yuliandi, 2014). However, our study finds a positive correlation between price and repeat purchases. As prices increase, customers tend to increase their repeat purchases. This finding contradicts those of previous research. They found that lower prices tend to influence repeat purchases (Norum & Cuno, 2011). It seems that for counterfeits, it is important to lower the price because a lower price makes customers think of having economic gain (Poddar et al., 2012), and will decide to repurchase. However, this price-lowering technique seems inappropriate for genuine products. There are two reasons why a positive correlation is found between price and repeat purchases for customers in a training institute. First, customers may consider the products or services offered by the seller genuine or high quality. Second, sellers tend to increase the price of a product that has high demand as long as the price increase is still within the acceptable price. Beyond a certain level of price, increase price will decrease repeat purchases (Norum & Cuno, 2011). The practical implication is that increasing prices within an acceptable range will not necessarily reduce demand, as long as the products or services offered are genuine and the products or services are in high demand. Increasing the price within a certain range encourages repeat purchases. For the management of commercial training institutes, it is important to identify which training is in high demand and which training is in low demand. For higher demand training, increasing price tend to increase repeat purchase until certain price level than increase price will tend to decrease repeat purchase.

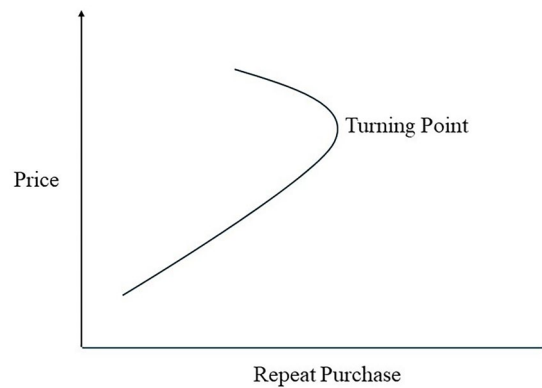


Figure 3. Price-repeat purchase curve (Source: by the author).

The theoretical implication is that in training institutes, the relationship between price and repeat purchase is not linear. The shape of price-repeat purchase curve will look like what is presented in Figure 3. Further study needs to be done to know the turning point of price-repeat purchase relationship. It seems that every training offered by commercial training institutions has their own price-repeat purchase curve.

For lower demand training there are two possible solutions. First is to increase the price in order to increase the repeat purchase as long as the current price is still lower than the turning point price. Or, second is to decrease the price to increase repeat purchase as long as the price is already above the turning point.

Both satisfaction and service quality are moderating variables in the relationship between price and repeat purchases; however, there is no direct relationship between satisfaction and repeat purchases. The moderation is in the form of a pure moderator, where there is no direct correlation with the dependent variable but has an indirect correlation through the independent variable (McDonald, 1994; Wise et al., 1984). This finding is inconsistent with previous research, which found a strong correlation between satisfaction and repeat purchases (Fakeye & Crompton, 1991; Wibowo & Soedjono, 2014). It seems that the direct relationship between satisfaction and repeat purchases is true only when the decision to purchase is in the hands of the end users, that is, the participants who attended the training. When the decision to purchase is not made by the end user, in the case of training programs where the human resource manager or training manager of the company decides to purchase, satisfaction does not seem to have a direct effect on repeat purchases. In such circumstances, price and service quality seem to play important roles.

The effect of satisfaction on repeat purchases is indirect rather than direct. This is indirectly through the price. Therefore, for firms that make purchase decisions different from the end users, such as training sent by companies where decision to purchase is in the hand of human resource manager the supplier or the commercial training institutions needs to focus more on price and service quality. However, this does not mean that satisfaction is ignored, but that satisfaction will not be effective unless price and service quality are considered. Service quality seems to be an important factor because it has direct and indirect effects on repeat purchases. The effect of price on repeat purchases strengthens as the service quality increases.

In terms of service quality, repeat purchases are encouraged when service quality increases because there is a direct effect of service quality on repeat purchases. This finding is consistent with previous research (Andaleeb, 1998; Kotler & Keller, 2016; Taylor & Baker, 1994; Torres, 2014; Wibowo & Soedjono, 2014). In our study, the relationship between service quality and price is negative. This indicates that, in the eyes of customers, the training institute seems to increase service quality for lower-price training courses. This is why the total effect of service quality on repeat purchases is lower than the direct effect. However, because the total effect is positive, service quality is an important factor that needs to be considered in increasing repeat purchases. Based on the questionnaire, service quality is determined by two factors the instructor and the materials. The are two factors of instructor they are clarity and attractiveness in delivery. The instructors have to be clear in what they deliver, and it is delivered in an attractive way. There are also two factors of material. First is that the material not only about the concepts

but also the practical examples and exercises. Second, there should be a reading material that help in the learning process. Aside from hearing from instructors there should also be a reading material. Therefore, important for any commercial training institutes to pay attention to the clarity and attractiveness of the instructors in delivering the training materials and it is important that reading materials are provided in every course offered where the reading materials are not only about theoretical concepts but also provide some practical examples and exercises.

6. Conclusion

Price can be used to predict repeat purchase. For high-demand and genuine products or services, a price increase can encourage repeat purchases. However, further study needs to be done to know what are the variables that determine the turning point of the price and repeat purchase and how their relationship since price cannot increase as high as we like but there must be a turning point where increasing price will decrease the repeat purchase. The relationship between price and repeat purchases strengthens as satisfaction improves but not service quality. However, both satisfaction and service quality must be improved to increase repeat purchases. Although the change in repeat purchases explained by price has coefficient of determinant that is better or higher than previous study with different variable but still not so high. Further study on different exogenous variables is encouraged to obtain a better coefficient of determinant.

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Authors' contributions

This is to state that the three authors have significant contributions to the research. Ronny Kountur is the team leader who contributes to the literature review, data analysis, and discussion. Aprihatiningrum Hidayati and Siti Nuraisyah Suwanda as the members and contribute to the literature review, data collection, and data analysis.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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Data availability statement

The data that support the findings of this study are available from the corresponding author, Ronny Kountur, upon reasonable request.

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